

PROSPECTUS DATED 1 JULY 2021



# Golden Lane Housing

Housing you can build your life around

## **GOLDEN LANE HOUSING LTD**

**3.25 per cent. Social Bonds due 22 July 2031**

**Issued by Retail Charity Bonds PLC**

**secured on a loan to Golden Lane Housing Ltd**

MANAGER



City & Continental Ltd trading as Allia C&C

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN SECTION 2 (“*RISK FACTORS*”) OF THIS PROSPECTUS. YOU SHOULD ALSO READ CAREFULLY SECTION 11 (“*IMPORTANT LEGAL INFORMATION*”).

## IMPORTANT NOTICES

### About this document

This prospectus (the “**Prospectus**”) has been approved by the Financial Conduct Authority (the “**FCA**”) as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act (the “**EUWA**”) (the “**UK Prospectus Regulation**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of Retail Charity Bonds PLC (the “**Issuer**”), Golden Lane Housing Ltd (the “**Charity**”) or the quality of the sterling denominated 3.25 per cent. Social Bonds due 22 July 2031 (the “**Bonds**”) that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Certain of the Bonds may immediately be purchased by the Issuer on the Issue Date (any such Bonds so purchased, the “**Retained Bonds**”). The aggregate nominal amount of Retained Bonds (if any) will be specified in the Issue Size Announcement (as defined below).

The proceeds of the Bonds (including (if applicable) the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to the Charity by way of a Loan (as defined below) on the terms of a loan agreement (the “**Loan Agreement**”) to be entered into between the Issuer and the Charity on 22 July 2021 (the “**Issue Date**”).

Payments of interest and principal due on the Loan and those due on the Bonds will be identical (save that payments of interest and principal under the Loan will be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds and subject to any withholding taxes either on amounts paid under the Loan or under the Bonds), so that payments of interest and repayment of the Loan by the Charity will provide the Issuer with funds to make the corresponding payment on the Bonds.

The Bonds are transferable debt instruments and are to be issued by the Issuer on the Issue Date. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100. The aggregate nominal amount of the Bonds to be issued (including (if applicable) details of the aggregate nominal amount of any Retained Bonds) will be specified in the issue size announcement published by the Issuer on a regulatory information service (the “**Issue Size Announcement**”) but will not exceed an aggregate nominal amount of £15,000,000.

This Prospectus contains important information about the Issuer, the Charity, the terms of the Bonds and details of how to apply for the Bonds. This Prospectus also describes the risks relevant to the Issuer and the Charity and their respective businesses and risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Prospectus before making any investment decisions relating to the Bonds.

### Responsibility for the information contained in this Prospectus

The information contained in this Prospectus was current as at the date of this Prospectus.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

The Charity accepts responsibility for the information in this Prospectus contained in Section 1 (“*Summary*”) (in so far as the information relates to the Charity only), Section 2 (“*Risk Factors - Factors that may affect the Charity’s ability to fulfil its obligations under the Loan Agreement*”), Section 3 (“*Description of the Charity*”), Section 4 (“*Information about the Bonds*”) (in so far as the information relates to the Charity only), the information relating to it under the headings “*Use of*

*Proceeds*”, “*Material or Significant Change*”, “*Litigation*” and “*Auditors*” in Section 10 (“*Additional Information*”) and the documents listed as items 3, 4 and 5 in Section 12 (“*Documents Incorporated by Reference*”). To the best of the knowledge of the Charity the information contained in these sections of the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Charity is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see Section 12 (“*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that those documents are incorporated in and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see Section 12 (“*Documents Incorporated by Reference*”)), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

### **Use of defined terms in this Prospectus**

Certain terms or phrases in this Prospectus are defined in double quotation marks and bold type and subsequent references to that term are designated with initial capital letters. The locations in this Prospectus where these terms are defined are set out in Appendix A (“*Defined Terms Index*”) of this Prospectus.

In this Prospectus, references to the “**Issuer**” are to Retail Charity Bonds PLC, which is the issuer of the Bonds, and references to the “**Charity**” are to Golden Lane Housing Ltd, the borrower under the Loan Agreement. See Sections 3 (“*Description of the Charity*”) and 7 (“*Description of the Issuer*”).

### **UK MiFIR product governance / Retail investors, professional investors and ECPs target market**

Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.

### **Key Information Document**

A key information document (“**KID**”) pursuant to Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA has been prepared by the Issuer in connection with the Bonds. If you have not received a copy of the KID you should request this from your stockbroker or other financial intermediary prior to making any investment decision in relation to the Bonds.

### **The Bonds are not protected by the Financial Services Compensation Scheme**

The Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. **If the Charity or the Issuer goes out of business or becomes insolvent or otherwise fails to pay amounts when due on the Loan or the Bonds (as the case may be), you may lose all or part of your investment in the Bonds.**

## **No independent investigation by the Issuer of the Charity**

The Issuer has not undertaken and will not undertake any investigations or due diligence to establish the creditworthiness of the Charity for the benefit of holders of the Bonds (“**Bondholders**”). The Issuer does not provide any credit enhancement, guarantee or any other credit support in respect of the Charity or its obligations under the Loan Agreement.

## **How to apply**

Applications to purchase Bonds cannot be made directly to the Issuer. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

After the closing time and date of the offer period (i.e. 12.00 noon (London time) on 16 July 2021) no Bonds will be offered for sale (a) by or on behalf of the Issuer or (b) by any authorised offeror, except with the permission of the Issuer.

See Section 5 (“*How to Apply for the Bonds*”) for more information.

## **Holding interests in the Bonds through CREST Depository Interests**

You may hold the Bonds through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”). CREST allows bondholders to hold bonds in a dematerialised form, rather than holding physical bonds. Instead of issuing physical bonds, CREST issues what are known as depository interests which are held and transferred through CREST (“**CDIs**”), representing the interests in the relevant Bonds underlying the CDIs (the “**Underlying Bonds**”). Holders of CDIs (the “**CDI Holders**”) will not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) through which CREST International Nominees Limited holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders directly against the Issuer; instead they must be enforced through CREST. **This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of CREST, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of CREST.**

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008, as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”), and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Charity, the Manager, the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

**Queries relating to this Prospectus and the Bonds**

If you have any questions regarding the content of this Prospectus and/or the Bonds or the actions you should take, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

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# 1

## SUMMARY

**The following section summarises certain information contained in this Prospectus, including information with respect to the Issuer, the Charity and the Bonds. The nature and order of the information contained in the Summary is prescribed by the UK Prospectus Regulation and associated legislation.**

# SUMMARY

## INTRODUCTION AND WARNINGS

**This summary should be read as an introduction to the Prospectus. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole, including any documents incorporated by reference. An investor in the Bonds could lose all or part of the invested capital. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to the Issuer solely on the basis of this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.**

The Bonds described in this Summary are 3.25 per cent. Social Bonds due 22 July 2031 (the “**Bonds**”), with International Securities Identification Number (“**ISIN**”) XS2357539522, issued by Retail Charity Bonds PLC (the “**Issuer**”) and secured on a loan (the “**Loan**”) to Golden Lane Housing Ltd (the “**Charity**”). The registered office of the Issuer is Future Business Centre, King’s Hedges Road, Cambridge CB4 2HY. The registered office of the Charity is 123 Golden Lane, London EC1Y 0RT. The Prospectus has been approved as a prospectus by the Financial Conduct Authority (the “**FCA**”), 12 Endeavour Square, London E20 1JN on 1 July 2021.

## KEY INFORMATION ON THE ISSUER

### *Who is the Issuer of the securities?*

The Issuer is a public limited company incorporated and domiciled in England and Wales. The Issuer’s Legal Entity Identifier (LEI) is 21380081925ENBZ6KM68. The Issuer is a special purpose entity established by Allia Ltd, a UK charity and specialist in impact finance, for the purpose of issuing asset-backed securities. Its principal activities and corporate objects are limited to issuing debt securities and on-lending the proceeds thereof to exempt charities or registered charities in the UK and to do all such other things as are incidental or conducive thereto. The entire issued share capital of the Issuer is held by: (i) RC Bond Holdings Limited, which holds 50,000 ordinary shares; and (ii) Allia Ltd, which holds one ordinary share designated as a special share. The directors of the Issuer are: John Tattersall LVO (Chair); Ian Coleman; Gordon D’Silva OBE; Tom Hackett; Tim Jones; Philip Wright; and Evita Zanuso. The statutory auditors of the Issuer are RSM UK Audit LLP, who have audited the Issuer’s accounts (without qualification) in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) (“**UK GAAP**”) for the years ended 31 August 2019 and 31 August 2020.

### *Who is the Charity?*

The Charity is Golden Lane Housing Ltd, a charitable company limited by guarantee incorporated and domiciled in England and Wales, with company registration number 03597323 and charity registration number 1071097. It is also a registered provider of social housing (a “**Registered Provider**”) registered with the Regulator of Social Housing, with Registered Social Landlord Number 4803. The registered address of the Charity is 123 Golden Lane, London EC1Y 0RT. The Charity was originally established in 1998 by The Royal Mencap Society (a registered charity established in 1946 with charity number 222377) (“**Mencap**”) to provide quality homes to people with a learning disability. The Charity has no subsidiaries and its sole member is Mencap. The board of trustees of the Charity (the “**Board**”) has agreed in principle that the Charity intends to convert into a charitable community benefit society (to be registered with the FCA, and exempt from registration with the Charity Commission) by 31 October 2021 and thereafter de-merge from Mencap by 31 March 2022, to operate as a fully independent charity. As the Charity is a charitable company and a Registered Provider, Mencap as sole member does not have any rights of ownership over the assets of the Charity, because the income and property of the Charity cannot be distributed to it by way of dividend, gift or profit, and any surplus on a winding-up is to be dealt with under the provisions of section 167 Housing and Regeneration Act 2008 and paid as directed by the Regulator of Social Housing (or to such Regulator itself).



The Charity's main activities are: the ownership and management of 1,205 homes, providing housing for 2,342 tenancy units for tenants with a learning disability in the UK (in each case as at 31 March 2021); and the provision of specialist services to its tenants in partnership with other care providers, including but not limited to Mencap. This includes providing bespoke adaptations to the properties to meet the needs of the tenants. To date, the Charity's operations have been exclusively in England, Wales and Northern Ireland.

In relation to governance, the Board sets the overall strategic direction of the Charity. The Board is supported by the work of four sub-committees: the Risk and Audit Committee, the New Business Committee, the Treasury Committee and the Governance Committee, as well as a partnership group of tenants and board members which is referred to as the Inclusion Advisory Committee. The executive team of the Charity reports to the Board and to the sub-committees and is responsible for the day-to-day management of the Charity, and comprises seven members: the Chief Executive Officer (John Verge), the Director of Finance (Marilyne Davies), the Director of Legal and Governance (Warren Bradley), the Director of Operations (Melissa O'Donnell), the Director of Development (Abdul Latif), the Director of Housing (Rod Dugher) and the Head of People and Culture (Adele Currie).

The statutory auditors of the Charity are Crowe U.K. LLP who have audited the Charity's accounts (without qualification) in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) for the years ended 31 March 2019, 31 March 2020 and 31 March 2021.

***What is the key financial information regarding the Issuer?***

	<b>For the year ended 31 August 2020</b>	<b>For the year ended 31 August 2019</b>
	£'000	£'000
Profit and total comprehensive income for the year	2	2
	<b>As at 31 August 2020</b>	<b>As at 31 August 2019</b>
	£'000	£'000
Total Assets	225,835	211,367
Total Liabilities	225,774	211,308
Financial Assets designated at fair value through profit or loss	-	-
Derivative financial assets	-	-
Non-financial assets if material to the entity's business	-	-
Financial Liabilities designated at fair value through profit or loss	-	-
Derivative financial liabilities	-	-

***What is the key financial information regarding the Charity?***

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	£	£	£
Net income / (loss)	5,752,000	4,480,000	4,476,000
	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
	£	£	£
Net financial debt (long term debt plus short term debt minus cash)	73,547,000	73,019,000	67,182,000
	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	£	£	£

Net Cash flows from operating activities	6,419,000	6,906,000	4,625,000
Net Cash flows from financing activities	284,000	437,000	1,524,000
Net Cash flows from investing activities	(2,501,000)	(7,368,000)	(4,569,000)

***What are the key risks that are specific to the Issuer and the Charity?***

In purchasing the Bonds, investors assume the risk that the Issuer and/or the Charity may become insolvent or otherwise be unable to make all payments due in respect of the Bonds or the Loan, as applicable. There is a wide range of factors which individually or together could result in the Issuer and/or the Charity becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer or the Charity, as the case may be, may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer or the Charity's control. Each of the Issuer and the Charity has identified a number of factors which could materially adversely affect its business and ability to make payments due. These factors include:

*Issuer*

- The Issuer is an entity which has been established for the purpose of issuing asset-backed securities. It has very limited assets. As investors in the Bonds, holders of the Bonds (“**Bondholders**”) will only have limited recourse to certain of those assets in the event that the Issuer fails to make payments in respect of the Bonds.
- The Issuer’s only material assets in respect of the Bonds will be its rights under the loan agreement pursuant to which the proceeds of the Bonds are loaned to the Charity (the “**Loan Agreement**”) and, accordingly, as investors in the Bonds, Bondholders will take credit risk on the Charity.
- The Issuer is a party to contracts with a number of third parties that have agreed to perform certain services in relation to the Bonds. The nature of some of these services is highly specialised and disruptions in these arrangements could lead to Bondholders incurring losses on the Bonds.

*Charity*

- The Charity is subject to detailed building safety regulations and ‘best practice’ guidance, as building safety in the social housing sector has received significantly increased focus following the Grenfell Tower fire. If the Government were to change its building safety requirements to be more onerous, then the increased cost of compliance may impact the Charity’s ability to meet its payment obligations under the Loan Agreement, which would in turn impact the Issuer’s ability to make payments in respect of the Bonds.
- The principal source of income for the Charity is rental income generated by its social housing property portfolio, as derived from housing benefit payable by local authorities. If the Government were to change legislation such that housing benefit would be reduced or ceased, this may have an adverse impact on the Charity’s income, which may in turn impact the Charity’s ability to meet its payment obligations under the Loan Agreement, and therefore the Issuer’s ability to make payments in respect of the Bonds.
- The vast majority of the Charity’s tenants receive welfare benefits such as the ‘Personal Independence Payment’ to support them with their increased living expenses. If such support were to cease or be reduced in the future, then this may affect the ability of such tenants to meet any top-up rental payment. This may impact on the Charity’s income and its ability to meet its payment obligations under the Loan Agreement, and therefore the Issuer’s ability to make payments in respect of the Bonds.
- The Government is setting challenging UK targets on climate and net zero carbon emissions. These may impose additional costs on the Charity if the Government were to introduce onerous housing legislation and/or ‘best

practice' guidance to social housing providers to accelerate compliance with these targets. These increased costs may impact the Charity's ability to meet its payment obligations under the Loan Agreement, and therefore the Issuer's ability to make payments in respect of the Bonds.

- If a significant number of the Charity's properties are vacant, or if the Charity's properties are vacant for a significant period of time, this could result in a reduction of the profitability of the Charity, which may mean that the Charity is unable to repay its liabilities when due, including those under the Loan Agreement. This would in turn affect the Issuer's ability to make payments in respect of the Bonds.
- The Charity is exposed to developments in the UK residential property market. A very substantial drop in the value of its property portfolio could lead to a breach of the net asset covenant under the Loan Agreement. Wider fluctuations in the UK residential property market may also impact on the Charity's cash flow and therefore its ability to make payments under the Loan Agreement, which in turn affects the Issuer's ability to make payments in respect of the Bonds.

## KEY INFORMATION ON THE SECURITIES

### *What are the main features of the securities?*

The Bonds are 3.25 per cent. Social Bonds due 22 July 2031, with ISIN XS2357539522. The currency of the Bonds is Pounds Sterling ("£"). The nominal amount of each Bond (being the amount which is used to calculate payments on each Bond) is £100. There are no restrictions on the free transferability of the Bonds.

### *Status (Ranking)*

Ranking: The Bonds will constitute direct, limited recourse obligations of the Issuer secured in the manner described under "Security" and "Limited recourse" below, and will rank *pari passu* (i.e. equally in right of payments) among themselves.

Security: The Trustee (as defined below) will take security over the Issuer's rights arising under the Loan Agreement.

Limited recourse: Bondholders will have no rights or recourse to any loan agreements for any other series of bonds issued by the Issuer.

### *Enforcement*

If the Charity does not meet its obligations under the Loan Agreement resulting in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee will be entitled to accelerate the Loan (which means that it becomes immediately due and payable). The Trustee will be entitled to take such steps as it in its absolute discretion considers appropriate in an attempt to ensure the payment of the outstanding sum under the Bonds and, if necessary, may take action against the Charity to enforce the Issuer's rights under the Loan Agreement. However, the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured and/or pre-funded to its satisfaction.

### *Taxation*

All payments in respect of the Bonds by the Issuer or any paying agent appointed in respect of the Bonds (each a "Paying Agent") and the Loan by the Charity will be made without withholding or deduction for or on account of taxes unless such withholding or deduction is required by applicable law. In the event that any such deduction is made, neither the Issuer, nor any Paying Agent, nor the Charity (as applicable) will be required to pay additional amounts to cover the amounts so deducted or withheld.

### *Events of default*

An event of default is a breach by the Issuer of certain provisions in the terms and conditions of the Bonds or the occurrence of other specified events. Events of default under the Bonds include (amongst others) the following: (a) (subject to the right

of the Issuer to defer the payment of principal on the Bonds until the Legal Maturity Date (as defined below)) default in payment of any principal or interest due in respect of the Bonds, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer of any other obligations under the conditions of the Bonds or the trust deed constituting the Bonds (the “**Trust Deed**”), continuing for a specified period of time; (c) certain events relating to the insolvency or winding-up of the Issuer; and (d) (subject to the right of the Issuer to defer the payment of principal on the Bonds until the Legal Maturity Date) a default under the Loan Agreement which is not remedied within 30 days of the occurrence thereof.

### *Meetings*

The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit a certain number of people to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

### *Governing law*

English law.

### *Interest*

The Bonds bear interest from their date of issue at the fixed rate of 3.25 per cent. per annum. The yield of the Bonds is 3.25 per cent. per annum until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 22 January and 22 July in each year. If repayment of the Loan is deferred until the Legal Maturity Date (as defined below) rather than being made on the Expected Maturity Date, the rate of interest payable on the Bonds will be increased by an additional 1.00 per cent. per annum from, and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date.

### *Redemption*

Subject to any purchase and cancellation or early redemption, the Bonds are scheduled to be redeemed at 100 per cent. of their nominal amount on 22 July 2031 (the “**Expected Maturity Date**”). However, if and to the extent that the Charity elects to extend the maturity date of the Loan pursuant to its right to do so under the terms of the Loan, the redemption of the Bonds will be postponed until 22 July 2033 (the “**Legal Maturity Date**”).

The Bonds will be redeemed early if the Charity repays the Loan early and in full in circumstances in which it is permitted to do so, at the Sterling Make-Whole Redemption Amount, which is an amount calculated to ensure that the redemption price produces a sum that, if reinvested in a reference bond (in this case a UK gilt), would continue to give the Bondholders the same yield on the money that was originally invested as they would have received had the Bonds not been redeemed.

### *Representative of holders*

Prudential Trustee Company Limited (the “**Trustee**”) will act as trustee for the Bondholders and Allia Bond Services Limited will act as servicer (the “**Servicer**”) for the Issuer.

### ***Where will the securities be traded?***

The Bonds are expected to be listed on the Official List of the FCA and admitted to trading on the main market of the London Stock Exchange plc (the “**London Stock Exchange**”) and through the London Stock Exchange’s electronic Order book for Retail Bonds (the “**ORB**”).

### ***What are the key risks that are specific to the securities?***

- The Bonds are limited recourse obligations of the Issuer and the rights of enforcement for investors are limited.

- Bondholders do not have direct recourse to the Charity in respect of any failure of the Charity to fulfil its obligations under the Loan Agreement. However, the Issuer will assign by way of security its rights, title and interest in the Loan Agreement in favour of the Trustee for the benefit of the Bondholders and the other secured parties.
- The Bonds are not protected by the UK Financial Services Compensation Scheme.
- In certain circumstances, repayment of the Bonds may be deferred to a later date, and such deferral will not constitute a default under the terms of the Bonds, provided the Bonds are repaid on the Legal Maturity Date.
- Neither the Bonds nor the Loan Agreement contains a gross-up provision requiring the Issuer or the Charity to pay any additional amounts to Bondholders or (in the case of the Loan Agreement) the Issuer, to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Bonds or the Loan Agreement.
- If the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Companies Regulations 2006 (S.I. 2006/3296) (as amended) (or subsequently ceases to satisfy those conditions), then the Issuer could suffer tax liabilities not contemplated in the cash flows for the transaction described herein.

## **KEY INFORMATION ON THE OFFER OF THE BONDS AND ADMISSION TO TRADING ON A REGULATED MARKET**

### ***Are the Bonds being offered to the public as part of a Public Offer?***

The Bonds are being offered in a Public Offer (as defined below) in the United Kingdom.

*Consent:* Subject to the conditions set out below, the Issuer and, as applicable, the Charity consent to the use of the Prospectus in connection with a public offer of Bonds in the United Kingdom (“**Public Offer**”) by each Authorised Offeror. The “**Authorised Offerors**” are: (i) City & Continental Ltd trading as Allia C&C (the “**Manager**”); (ii) AJ Bell Securities Limited, Arnold Stansby & Co. Limited, Equiniti Financial Services Limited, Hedley & Company Stockbrokers Limited, iDealing.com Limited, Interactive Investor Services Limited and Redmayne Bentley LLP; (iii) any other financial intermediary appointed after the date of this Prospectus and whose name is published on the Issuer’s website (<https://rcb-bonds.com/bonds/golden-lane-housing>) and identified as an Authorised Offeror in respect of the Public Offer; and (iv) any financial intermediary which is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):

*“We, [insert legal name of financial intermediary], refer to the 3.25 per cent. Social Bonds due 22 July 2031 (the “**Bonds**”) described in the Prospectus dated 1 July 2021 (the “**Prospectus**”) published by Retail Charity Bonds PLC (the “**Issuer**”). In consideration of the Issuer and Golden Lane Housing Ltd (the “**Charity**”) offering to grant their consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021 and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer and the Charity in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and confirm that we are using the Prospectus accordingly.”*

*Offer period:* The Issuer’s and, as applicable, the Charity’s consent referred to above is given for Public Offers of Bonds during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021 (the “**Offer Period**”).

*Conditions to consent:* The conditions to the Issuer’s and the Charity’s consent (in addition to the conditions described above) are that such consent (a) is only valid in respect of the Bonds; (b) is only valid during the Offer Period; and (c) only extends to the use of the Prospectus to make a Public Offer of the Bonds in the United Kingdom.

**IF YOU INTEND TO ACQUIRE OR DO ACQUIRE ANY BONDS IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR, YOU WILL DO SO, AND OFFERS AND SALES OF THE BONDS TO YOU BY SUCH**

**AN AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND YOU INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH YOU IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS AND, ACCORDINGLY, THIS PROSPECTUS DOES NOT CONTAIN SUCH INFORMATION. THE INFORMATION RELATING TO THE PROCEDURE FOR MAKING APPLICATIONS WILL BE PROVIDED BY THE RELEVANT AUTHORISED OFFEROR TO YOU AT THE RELEVANT TIME.**

***Under which conditions and timetable can I invest in this security?***

The offer of the Bonds is expected to open on 1 July 2021 and close at 12.00 noon (London time) on 16 July 2021 or such other time and date as may be agreed between the Issuer and the Manager and announced via a regulatory information service. You will be notified by the relevant Authorised Offeror of your allocation of Bonds and instructions for delivery of and payment for the Bonds. You may not be allocated all (or any) of the Bonds for which you apply.

The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds) and the aggregate nominal amount of the Bonds to be issued will be specified in an issue size announcement (the “**Issue Size Announcement**”) published by the Issuer on a regulatory information service but will not exceed an aggregate nominal amount of £15,000,000.

The issue of Bonds is conditional upon (i) a subscription agreement being signed by the Issuer and the Manager on or about 20 July 2021 (the “**Subscription Agreement**”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 20 July 2021; and (iii) the Loan Agreement being signed by the Issuer and the Charity on or about 22 July 2021. The Subscription Agreement will include certain conditions customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and comfort letters in a form satisfactory to the Manager).

The minimum subscription amount per investor is for a principal amount of £500 of the Bonds. There are no expenses charged to the investor by the Issuer. An Authorised Offeror may charge you expenses. However, these are beyond the control of the Issuer and are not set by the Issuer. The Issuer estimates that, in connection with the sale of Bonds to you, the expenses charged to you by one of the Authorised Offerors known to it as of the date of this Prospectus will be between 1 per cent. and 7 per cent. of the aggregate principal amount of the Bonds sold to you. An estimate of the total expenses incurred by the Issuer in connection with the issue of the Bonds will be set out in the Issue Size Announcement.

The Bonds are expected to be listed on the Official List of the FCA and admitted to trading on the main market of the London Stock Exchange and through the ORB. Such listing and admission to trading is expected to take place on or around 23 July 2021.

***Why is this prospectus being produced?***

The proceeds from the issue of the Bonds (including (if applicable) the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) will be advanced by the Issuer to the Charity pursuant to the Loan Agreement, to be applied by the Charity to further its charitable objects, including but not limited to the refinancing of a previous loan from the Issuer and the acquisition and/or adaptation of housing for people with one or more learning disabilities.

The estimated net proceeds of the issue of the Bonds will be specified in the Issue Size Announcement.

The Manager has agreed to procure subscribers for the Bonds pursuant to the Subscription Agreement and will be paid aggregate commissions equal to 0.50 per cent. of the nominal amount of the Bonds (other than any Retained Bonds) issued. The Authorised Offerors will also receive commissions of up to 0.25 per cent. of the nominal amount of the Bonds (other than any Retained Bonds) delivered to them (payable out of the fee paid to the Manager). The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

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# 2

## RISK FACTORS

**The following section sets out certain risks relating to an investment in the Bonds, including (1) risks relating to the Issuer's ability to make payments under the Bonds, (2) risks relating to the Charity's ability to make payments under the Loan Agreement, (3) risks relating to the structure of the Bonds and (4) risks relating to the market generally.**

## RISK FACTORS

The following is a description of the principal risks and uncertainties which may affect the Issuer's or, as the case may be, the Charity's ability to fulfil its obligations under the Bonds or the Loan Agreement, respectively.

### **1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS**

*The Issuer is an entity which has been established for the purpose of issuing asset-backed securities. It has very limited assets, and investors in the Bonds will only have limited recourse to certain of those assets in the event that the Issuer fails to make payments in respect of the Bonds*

The Issuer is an entity which has been established for the purpose of issuing asset-backed securities, which means that it has been incorporated for specific purposes only (i.e. to issue bonds), will not conduct business more generally and has very limited assets. The Issuer will not engage in any business activity other than the issuance of bonds under an established issuance facility, the lending of the proceeds of the issue of such bonds to charities in the United Kingdom under loan agreements, the entry into and performance of its obligations in respect of such issuance facility and the performance of any act incidental to or necessary in connection with the aforesaid.

The proceeds of the issue of the Bonds (including (if applicable) the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to the Charity under the Loan Agreement to be dated the date of issue of the Bonds. Since the Issuer does not have any general income-producing business, its ability to make payments under the Bonds will depend entirely on the Charity making payments to the Issuer under the Loan Agreement.

The Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement and under the issuance facility insofar as they relate to the Bonds and the Loan Agreement. Whilst the Issuer may issue other bonds and advance loans to other charities, the Issuer's rights in respect of those other loan agreements will be held as security for the holders of the corresponding bonds and will not be available to investors in the Bonds described in this Prospectus. Accordingly, in the event that the Issuer fails to make payments in respect of the Bonds, investors in the Bonds will have recourse only to certain of the assets of the Issuer.

If the Charity fails to make payments under the Loan Agreement, the Issuer will not be able to meet its payment obligations in respect of the Bonds.

*The Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity*

Credit risk can be described as the risk that a borrower of money will be unable to repay it. Investors in the Bonds will take credit risk on the Charity. If the Charity becomes unable to pay its debts as they fall due, an investor in the Bonds could lose some or the entire amount of its investment. Accordingly, investors should have regard to the detailed information contained in this Prospectus in relation to the Charity to assess the credit risk of an investment in the Bonds, including the risk factors set out under "*Factors that may affect the Charity's ability to fulfil its obligations under the Loan Agreement*" below.

#### *The Issuer's reliance on third parties*

The Issuer is a party to contracts with a number of third parties that have agreed to perform certain services in relation to the Bonds.



For example, the Servicer has agreed to provide services in respect of the Loan Agreement and the Bonds under the Services Agreement (which include, among other things, the provision of certain servicing and cash management services to the Issuer and the forwarding of information to the Trustee received from the Charity and publishing such information on the Issuer’s website). Since the Issuer has no employees, it relies entirely on the Servicer to perform these services on its behalf.

The nature of such services provided by the Servicer is highly specialised and it may be difficult to identify a replacement service provider with the requisite skills and experience to perform these roles.

Disruptions in cash management or servicing arrangements, which may be caused by the failure to appoint a successor servicer or a failure of the Servicer to carry out its services, could lead to Bondholders not receiving (or receiving late) payments that are otherwise due on the Bonds.

The Issuer will rely on the Servicer to carry out certain obligations of the Issuer under the respective agreements to which it is a party. In the event that the Servicer were to fail to perform its obligations under the Services Agreement, the Bondholders may be adversely affected. In particular, the failure of the Servicer to deliver or publish information received from the Charity on behalf of the Issuer where it is obliged to do so could mean that Bondholders are not aware of certain information relating to the Charity.

#### ***No ability to appoint an administrative receiver in respect of the Issuer***

The security granted by the Issuer to the Trustee will not entitle the Trustee to appoint an administrative receiver. Therefore, if the Issuer were to be subject to administration proceedings, the Trustee would have no ability to block such administration. As a result, if such administration proceedings were commenced in respect of the Issuer, the enforcement of the security by the Trustee may be subject to an administration moratorium, which would result in such enforcement, and therefore the ability for the Bondholders to recover against the Issuer, being postponed for a period of time.

For a description of certain risks which may affect the Charity’s ability to make payments due under the Loan Agreement, see “*Factors that may affect the Charity’s ability to fulfil its obligations under the Loan Agreement*” below.

## **2. FACTORS THAT MAY AFFECT THE CHARITY’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE LOAN AGREEMENT**

### ***Building safety requirements***

The Charity is subject to detailed building safety regulations and ‘best practice’ guidance, as building safety in the social housing sector has received significantly increased focus following the Grenfell Tower fire. This includes (but is not limited to) Government requirements and/or advice on:

- building regulations and fire safety procedural guidance on the way in which building control bodies consult with fire and rescue services on plans for building work, as published in July 2020 by Local Authority Building Control (LABC) with the National Fire Chiefs Council (NFCC) and the Association of Consultant Approved Inspectors (ACAI) and in conjunction with the Joint Regulators’ Group of the Fire Safety Programme; and
- building safety advice for building owners, including fire doors and evacuation mechanisms for those who are disabled or otherwise vulnerable, with the Government also currently investigating the fire door industry following concerns about the consistency of flat front entrance fire doors against the required performance standards.

If the Government were to further change the legislation and/or ‘best practice’ guidance relating to building safety to be more onerous on the Charity, then the measures required to comply with such regulation and/or guidance may lead to increased costs for the Charity. This may impact the Charity’s ability to meet its payment obligations under the Loan Agreement, which would in turn impact the Issuer’s ability to make payments in respect of the Bonds.

#### ***Rental income on the properties of the Charity and housing benefit***

The principal source of income for the Charity is rental income generated by its social housing property portfolio, as derived from housing benefit payable by local authorities. If the Government were to change the legislation in relation to housing benefit which caused a reduction or cessation of housing benefit, then this may have an adverse impact on income received by the Charity, because its tenants – all of whom have learning disabilities – would be left to pay a shortfall in rent themselves without a readily identifiable means to do so. This may impact the Charity’s ability to meet its payment obligations under the Loan Agreement, which would in turn impact the Issuer’s ability to make payments in respect of the Bonds.

Payments of housing benefit by local authorities may also be delayed as a result of, among other things, the need to establish a new claimant’s entitlement. The receipt of rental income by the Charity may be delayed by the failure of the tenant to pay rent which is due in addition to the housing benefit and/or, in circumstances where the housing benefit is not paid directly to the Charity by the local authority, a failure to pass on the housing benefit payments to the Charity. The non-payment, or any delay in payment of material amounts of rental income, could affect the ability of the Charity to meet its obligations under the Loan Agreement. This would, in turn, impact the Issuer’s ability to make payments in respect of the Bonds.

#### ***Rental income on the properties of the Charity and welfare benefits***

Under the current legislation, which includes The Social Security (Personal Independence Payment) Regulations 2013 (SI 2013/377), ‘Personal Independence Payment’ (“**PIP**”) is paid to eligible recipients to help them with some of the extra costs if they have a long term physical or mental health condition or disability. The vast majority of the Charity’s tenants receive some level of PIP to help with their increased living expenses.

If such support were to cease or be reduced, then this is likely to have an adverse impact on the disposable income of tenants, which may affect or delay their ability to meet any top-up rental payment if their rent is not met in full by housing benefit (if for example housing benefit itself is reduced or ceased in the future) (see further above under “*Rental income on the properties of the Charity and housing benefit*”). If this applies, this may reduce the Charity’s rental income receipts, which could affect the ability of the Charity to meet its obligations under the Loan Agreement. This would, in turn, impact the Issuer’s ability to make payments in respect of the Bonds.

#### ***Impact of Government targets on climate and net zero carbon emissions on future forecast investment levels***

The Government is setting challenging targets on climate and net zero carbon emissions, which may impact the Charity and the social housing sector as a whole with respect to the increased costs that may need to be incurred to meet these targets. Under the Government’s sixth Carbon Budget (as announced in April 2021), the Government committed to the UK cutting carbon emissions by 78% (compared to 1990 levels) by 2035, and re-confirmed its intention to reach a net zero position by 2050.

With respect to the Charity, if the Government were to impose additional housing legislation and/or ‘best practice’ guidance applicable to social housing providers to accelerate compliance with these de-carbonisation targets, then this may require the expenditure of reserves and/or additional borrowings by the Charity if the costs of compliance outweigh the level of available earnings to meet these new requirements. This may relate to, for example, requirements that the Charity retrofits all of its existing properties to meet minimum ‘Energy Performance Certificate’ (EPC) bands, and to ensure that all properties it acquires in the future also meet certain minimum energy efficiency standards.

If the Government were to change legislation and/or ‘best practice’ guidance relating to climate and net zero carbon emissions (as described above or otherwise) then the measures required to comply with such regulation and/or guidance may lead to increased costs for the Charity. This may impact the Charity’s ability to meet its payment obligations under the Loan Agreement, which would in turn impact the Issuer’s ability to make payments in respect of the Bonds.

***The Charity will not be able to collect rental income on any properties that are vacant***

It is possible that the Charity could experience periods where a significant number of the Charity’s properties are vacant and/or certain of the Charity’s properties are vacant for a significant period of time. The Charity does not receive rent on vacant properties. The circumstances described above could result in a reduction of the profitability of the Charity, which may mean that the Charity is unable to repay its liabilities when due, including those under the Loan Agreement. This would, in turn, impact the Issuer’s ability to make payments in respect of the Bonds.

The Charity’s unpaid vacancies for the past three financial years averaged 4.3 per cent. in the year to 31 March 2019, 4.96 per cent. in the year to 31 March 2020 and 4.60 per cent. in the year to 31 March 2021, each of which was within the Charity’s target. However, any future increase in the level of unpaid vacancies could result in a reduction of the profitability of the Charity, which may mean that the Charity is unable to repay its liabilities when due, including those under the Loan Agreement, which would, in turn, have an impact on the Issuer’s ability to make payments in respect of the Bonds.

***The Charity is exposed to developments in the UK real estate market***

The Charity has a portfolio of freehold and leasehold social housing properties in the UK, which the Charity rents to tenants who are individuals with a learning disability. The Charity is therefore exposed to developments in the residential property market in the UK. A collapse in the property market across the UK could result in a significant write-down in the value of the portfolio. While the Charity does not rely on the capital value of its portfolio for operational purposes, the general loan financing of the Charity is secured against the portfolio (for the avoidance of doubt, the Charity’s obligations under the Loan Agreement are not secured against any asset of the Charity or such portfolio), and a very substantial drop in the value of the portfolio could lead to a breach by the Charity of its loan financing covenants, the net asset covenant under the existing loan agreements between the Charity and the Issuer or the net asset covenant under the Loan Agreement.

The Charity is also exposed to market risks on the acquisition of residential properties, which include the economic environment and the risk of changes to Government regulation, legislation and ‘best practice’ guidance, including those relating to planning, taxation, landlords, tenants, building safety (see also “*Building safety regulations*”), energy efficiency and de-carbonisation (see also “*Government targets on climate and net zero carbon emissions*”), housing benefit (see also “*Rental income on the properties of the Charity and housing benefit*”) and welfare benefits (see also “*Rental income on the properties of the Charity and welfare benefits*”). Furthermore, the ability of the Charity to maintain existing properties and acquire further properties may be subject to economic and political conditions and the availability of financing on suitable terms to the Charity.

Among other things, these market risks may impact upon the expenses incurred by the Charity associated with existing residential properties, rental income produced by these properties, the value of its existing investments and its ability to acquire additional properties. This could, in turn, impact upon the Charity’s cash flow and therefore its ability to make payments on the Loan and its ability to satisfy any covenants which it is required to maintain pursuant to the terms of its financing arrangements. Any such impact on the Charity’s ability to meet its payment obligations under the Loan Agreement would, in turn, have an adverse impact on the Issuer’s ability to make payments in respect of the Bonds.

### ***Disruption due to outbreak of a severe communicable disease such as coronavirus (COVID-19)***

The outbreak, or threatened outbreak, of any severe communicable disease such as COVID-19 (commonly referred to as coronavirus), together with its future variants from time to time, may temporarily but adversely affect the business, results of operations, financial condition or prospects of the Charity and, in turn, could impact on the Charity's cash flows and the ability of the Charity to satisfy any covenants which it is required to maintain pursuant to the terms of existing and any future financing arrangements, including its payment obligations under the Loan Agreement. This, in turn, would have an adverse effect on the Issuer's ability to make payments in respect of the Bonds.

The full impact of such communicable diseases on the Charity's business and financial results is hard to predict, but might be caused by the following:

- Any emergency measures imposed by the Government to tackle such a pandemic may affect operations, such as repairs services or compliance safety checks, due to the heightened risk to the health and safety of employees and tenants. The necessary precautions to safeguard its staff and its tenants may lead to increased costs for the Charity.
- The Government may impose tenant-protective measures that might affect the Charity's cash flows.
- Receipt of rental income by the Charity relies on its ability to let properties. Severe communicable diseases might significantly slow down the Charity's ability to let void properties during a pandemic, due to restrictions on refurbishing properties, viewings or tenants moving in, or tenants self-isolating, for example.
- The emergency measures may also delay or temporarily halt the development and disposal of homes by the Charity. The delay in selling completed units could cause an overall negative impact to the Charity's cash flows.
- The Charity relies on a network of third party suppliers and contractors to operate efficiently. A severe communicable disease may affect the supply chain and contractors, notwithstanding the support measures put in place by the Government. This may impact the business activities and operations of the Charity, resulting in increased operating costs for the Charity.

### ***The Charity may not be able to rely on its current sources of loan financing or on acceptable loan financing being available in the future***

The Charity has existing secured and unsecured loan facilities and it may wish to take out additional loan facilities in the future for the purpose of acquiring new properties or refinancing existing borrowings (see further "*The Charity has a number of secured creditors*"). The Charity could find itself unable to access sources of funding at suitable interest rates if bank or building society lines become unavailable to the Charity, for example if there were a change in lender attitude due to a change in the lender's policy or if the Charity were not able to agree satisfactory future lending terms. The Charity may not be able to gain access to bank or building society loans on such favourable terms, which would result in an increase in debt funding costs for the Charity and may affect the ability of the Charity to meet its obligations under the Loan Agreement. Any such impact would, in turn, have an adverse effect on the Issuer's ability to make payments in respect of the Bonds.

The Charity is also subject to interest rate risk in respect of its variable-rate borrowing. Any increase in interest rates could impact upon the surpluses generated by the Charity and its ability to comply with its payment obligations or agreed covenants which it is required to maintain pursuant to the terms of its current financing arrangements, or its ability to raise any future bank or building society debt. Any material reduction of such surpluses of the Charity may affect its ability to meet its obligations under the Loan Agreement, which in turn

would have an adverse effect on the Issuer's ability to make payments in respect of the Bonds. As at 31 March 2021, approximately 72 per cent. of the Charity's borrowings were fixed-rate rather than variable-rate debt.

### ***The Charity faces risks in relation to managing its property assets and investments***

As well as risks relating to developments in the residential property market in the UK (see also "*The Charity is exposed to developments in the UK real estate market*"), the Charity also faces risks in how it manages its portfolio of freehold and leasehold social housing properties in the UK.

In particular, the Charity is faced with the constant challenge in its decision-making process of how to optimise allocation of its staff, time and funding resources towards acquiring new properties (and considering which locations and communities should be prioritised, and how much should be paid for them), complying with regulatory requirements and 'best practice' in relation to maintenance and improvements to its existing property portfolio, considering how best to respond to its financially worst-performing properties in a way that appropriately takes into account the needs of the vulnerable tenants that the Charity is supporting, and ensuring that all of these decisions and supporting analysis are carried out in a manner that appropriately consults the Charity's tenants and other key stakeholders.

The inherent risks involved in the property management process may impact upon the Charity's cash flow and therefore its ability to make payments on the Loan and its ability to satisfy any covenants which it is required to maintain pursuant to the terms of its financing arrangements. Any such impact on the Charity's ability to meet its payment obligations under the Loan Agreement would, in turn, have an adverse impact on the Issuer's ability to make payments in respect of the Bonds.

### ***Reputational risk***

Reputational risk is inextricably linked to all risks faced by the Charity. As an organisation with a social purpose – and also a recipient of public funding – the Charity's actions have always been, and will continue to be, scrutinised by a wide range of stakeholders such as tenants, local communities, national and local government, lenders, other regulators and the media.

The Regulator of Social Housing views social housing providers with long leasing arrangements without break clauses that are often indexed linked, as high risk, and has recently downgraded several of these organisations or placed them under review. The Charity does not operate those types of leasing arrangements; however it could face adverse reputational impact as a result of the wider sector being brought into disrepute. In addition, the Charity may find itself under increased scrutiny or censure, for example due to non-compliance – or a perceived non-compliance – with the extensive and constantly evolving landscape of legal, regulatory and 'best practice' requirements that apply to it, including but not limited to requirements relating to building safety (see also "*Building safety regulations*") and energy efficiency and de-carbonisation (see also "*Government targets on climate and net zero carbon emissions*").

To the extent that the Charity and its management fail – or are perceived to fail – materially in meeting these current and future requirements, or to appropriately understand the Charity's key stakeholders and their various expectations, or to put in place effective mitigation strategies to manage reputational risk across its activities and income-earning interests, this could lead to a number of adverse consequences. One key potential consequence is that if the Charity's reputation is materially and adversely impacted, this may lead to increased difficulty for the Charity in obtaining new contracts with local authority commissioners (and/or maintain or renew existing contracts). This may reduce the Charity's ability to generate rental income and earnings, which may affect its ability to meet its obligations under the Loan Agreement; this in turn would have an adverse effect on the Issuer's ability to make payments in respect of the Bonds.

### *The Charity has a number of secured creditors*

The Charity has entered into a number of secured loans. The Charity has also entered into a number of unsecured loans (including two loans from the Issuer entered into on 29 July 2014 and on 23 November 2017) and intends to enter into a further unsecured loan pursuant to the Loan Agreement (collectively, the “**Unsecured Loans**”). Creditors in respect of secured borrowings of the Charity (“**Secured Creditors**”) have the benefit of security over certain of the assets of the Charity in priority to unsecured creditors of the Charity, including the creditors in respect of the Unsecured Loans.

Accordingly on the insolvency or winding-up of the Charity the Issuer’s rights under the Loan Agreement will rank behind the claims of any Secured Creditors which may mean that the Issuer is not repaid in full (or at all) if the assets of the Charity are insufficient to enable it to repay in full all of its Secured Creditors and all of its Unsecured Creditors. Since the Issuer’s only material assets corresponding to the Bonds will be its rights under the Loan Agreement (see “*Factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds - The Issuer’s only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity*”), any loss sustained by the Issuer on the insolvency or winding-up of the Charity will, in turn, have an adverse impact on the Issuer’s ability to make payments in respect of the Bonds.

### **3. RISKS RELATING TO THE PARTICULAR STRUCTURE AND NATURE OF THE BONDS**

*Investors in the Bonds will have limited recourse to the assets of the Issuer in the event that it fails to make any payments on the Bonds and, further, the rights of enforcement for investors are limited, including that there are restrictions on the ability of investors to petition for bankruptcy of the Issuer*

The Bonds are limited recourse obligations of the Issuer and are payable solely from the proceeds of the charged assets. The charged assets are, in general terms, the Issuer’s rights under the Loan Agreement and certain related rights under the Issuance Facility Documents (the “**Charged Assets**”).

If the Charity fails to make payments to the Issuer under the Loan Agreement and, following the occurrence of an event of default under the Bonds, the Trustee (acting on the instructions of the Bondholders) takes action against the Charity to enforce the Loan Agreement, then any amounts received by the Issuer in respect of the Charged Assets would be available for the Trustee and other priority-ranking parties under the established issuance facility, as well as (if sufficient monies are received) for making payments in respect of the Bonds. However, if payments on the Charged Assets are insufficient to enable the Issuer to make payments to such secured parties and to make full payment in respect of the Bonds, no other assets of the Issuer will be available for payment of any shortfall to the Bondholders. If such a shortfall remains following enforcement and/or realisation of the Charged Assets, no further amounts will be payable to Bondholders and no debt shall be owed by the Issuer in respect of any such shortfall.

Investors should note that, pursuant to the Loan Agreement, the Charity is required to pay to the Issuer amounts representing the arrangement fee pursuant to the Loan Agreement. Such amounts in respect of the arrangement fee are required to be paid in order of priority ahead of the payment of amounts of interest and principal due on the Loan. In the event insufficient amounts are available in order to pay such amounts, the Servicer is entitled to apply amounts that would have otherwise been available for payments of principal and interest on the Bonds towards the payment of such amounts which may lead to a shortfall of payments of principal or interest on the Bonds leading to losses on the Bonds. Investors are referred to Condition 6.1 in this regard.

None of the Bondholders or the other secured parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examination, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Bonds, save for lodging a claim in

the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto and provided that the Trustee may enforce the security over the Charged Assets and appoint a receiver in accordance with the provisions of the Trust Deed.

***Bondholders will have no direct recourse to the Charity in the event that the Charity fails to make payments under the Loan Agreement***

The Issuer will assign by way of security its rights, title and interest in the Loan Agreement in favour of the Trustee for the benefit of the Bondholders (and certain other secured parties under the established issuance facility), and the Trustee may enforce the security over the Charged Assets including taking action against the Charity on behalf of the Bondholders. However, the Bondholders will not have any direct recourse against the Charity in respect of any failure by the Charity to make payments under the Loan Agreement.

As a function of the logistical challenges in organising a large number of disparate investors, the terms and conditions of the Bonds provide that the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for Bondholders to arrange for the Trustee to be so indemnified or secured or pre-funded, which may result in a delay or failure by the Trustee to take enforcement action and Bondholders may lose some or all of their investment in the Bonds.

***The Bonds are not protected by the Financial Services Compensation Scheme***

The FSCS is the UK statutory compensation fund of last resort for customers of authorised financial services firms. In the event of the failure of a bank or certain other institutions, the customers of the relevant institution may be able to obtain compensation from the FSCS for certain of their losses. For example, deposits in a bank account are protected by the FSCS up to certain limits.

However, unlike a bank deposit, the Bonds are not protected by the FSCS. If the Issuer is unable to pay any amounts in respect of the Bonds, investors will have no recourse to the FSCS for compensation or any other amounts. If the Issuer or the Charity go out of business or become insolvent, investors may lose all or part of their investment in the Bonds.

***In certain circumstances, repayment of the Bonds may be deferred to a later date, and such deferral will not constitute a default under the terms of the Bonds provided the Bonds are repaid no later than the Legal Maturity Date (as defined below)***

The Loan Agreement will provide for repayment of the loan by the Charity on 22 July 2031 (the “**Expected Maturity Date**”). However, the terms of the Bonds provide that, if the Charity is unable to repay the loan in full on the Expected Maturity Date, the principal amount of the Bonds corresponding to the unpaid amount of the loan will not become due and payable on the Expected Maturity Date and will be deferred. Such deferral will not constitute an event of default under the Bonds. If the Charity fails to repay the loan on the Expected Maturity Date and repayment is deferred until the Legal Maturity Date (as defined below), under the terms of the loan the Charity will be required to make additional interest payments at the rate of 1.00 per cent. per annum. This means that the interest payments on the Bonds from 22 July 2031 will also increase by 1.00 per cent. per annum. In such circumstances, the deferred amounts of principal in respect of the Bonds will be paid to the holders of the Bonds on 22 July 2033 (the “**Legal Maturity Date**”).

Accordingly, investors in the Bonds may not be repaid their investment on the Expected Maturity Date, and will not be entitled to take action to enforce the Bonds unless the full principal amount outstanding on the Bonds has not been repaid by the Legal Maturity Date.

***Neither the Bonds nor the Loan Agreement contains a gross-up provision requiring the Issuer or the Charity to pay any additional amounts to Bondholders or, in the case of the Loan Agreement, the Issuer, to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Loan Agreement or the Bonds***

The Issuer will not be obliged to pay any additional amounts to Bondholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Bonds by the Issuer or The Bank of New York Mellon, London Branch. Neither will the Charity be obliged to pay any additional amounts to the Issuer to reimburse the Issuer for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Loan Agreement by the Charity. However, in such circumstances, the Charity will be required to take such reasonable steps to ensure that the gross amount of all payments due in respect of the Loan Agreement is paid to the Issuer (in its capacity as Lender under the Loan Agreement). In the event of a withholding or deduction for or on account of tax in respect of payments due on the loan by the Charity resulting in a shortfall in the amounts available to the Issuer to satisfy amounts of interest due on the Bonds, an amount equal to such shortfall will be deferred in accordance with Condition 8.5. Furthermore, unless the Issuer is able to recover in full any amounts so withheld or deducted by way of a refund from the relevant tax authority, the Issuer is unlikely to have sufficient funds available to satisfy any such deferred amounts in full.

Accordingly, in the event of a change of tax law requiring any such withholding or deduction, there may be an adverse effect on the amount of principal or interest receivable by Bondholders under the terms of the Bonds.

***The Issuer expects to benefit from specific UK tax treatment given the specific nature of the transactions it conducts. However, if the Issuer does not benefit, or ceases to benefit, from such tax treatment, the Issuer's ability to make payments in full on the Bonds may be adversely affected***

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the “**Securitisation Regulations**”), and as such should be taxed only on the amount of its “retained profit” (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Regulations (or subsequently ceases to satisfy those conditions), then the Issuer could be subject to additional tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus which could adversely affect its ability to make payments on the Bonds and may result in investors receiving less interest and/or principal than expected.

#### ***Withholding tax on the Bonds***

Provided that the Bonds carry a right to interest and are and continue to be “listed on a recognised stock exchange” (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this Prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Bonds. However, there can be no assurance that the law in this area will not change during the life of the Bonds.

Pursuant to Condition 11, the Issuer shall withhold or deduct from any payments it makes in respect of the Bonds any amounts on account of tax where so required by applicable law. Neither the Issuer nor any other person is required to make any “gross up” payments or otherwise compensate the Bondholders in respect of any withholding tax applied in respect of payments on the Bonds. Accordingly, where the Issuer is required by law to withhold or deduct any amount from a payment it makes on the Bonds, Bondholders will receive less than the amount they would have received had no such withholding or deduction been made. The difference between the amount a Bondholder would have received (had there been no such withholding or deduction) and the amount it actually receives will not be recoverable by that Bondholder from the Issuer or any other person.



***The Bonds pay a fixed rate of interest, and the value of the Bonds may therefore be affected by changes in prevailing interest rates in the market***

The Bonds bear interest at a fixed rate. Investors should note that, if interest rates available in the market generally start to rise, then the income to be paid by the Bonds might become less attractive and the price the investors get if they sell such Bonds could fall. However, the market price of the Bonds has no effect on the interest amounts due on the Bonds or what investors will be due to be repaid at maturity of the Bonds if the Bonds are held by the investors until maturity. Investors should also note that inflation will reduce the real value of the Bonds over time, which may affect what investors can buy with their investments in the future and which may make the fixed interest rate on the Bonds less attractive in the future.

***The provisions of the Bonds provide for modification of the terms of the Bonds and the waiver of certain rights, in certain circumstances without the consent of the Bondholders***

The terms and conditions of the Bonds contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Bondholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Bondholders who voted in a manner contrary to the majority.

The terms and conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders and without regard to the interests of particular Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, or (ii) determine without the consent of the Bondholders that any event of default shall not be treated as such where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders to do so or may agree without Bondholder consent to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

***Either the Issuer or the Charity may propose a Restructuring Plan under Part 26A of the Companies Act 2006***

Where the Issuer or the Charity encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a "**Plan**") with its creditors under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the Issuer or the Charity (as the case may be)). Providing that one class of creditors (who would receive a payment, or have a genuine economic interest in the Issuer or the Charity (as the case may be)) has approved the relevant Plan, and in the view of the English courts any dissenting class(es) who did not approve the relevant Plan are no worse off under such Plan than they would be in the event of the "relevant alternative" (such as, broadly, liquidation or administration), then the English court can sanction the relevant Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the Issuer or the Charity may, therefore, adversely affect the rights of Bondholders and the price or value of their investment in the Bonds, as it may have the effect of modifying or disapplying certain terms of the Bonds (in the case of a sanctioned Plan relating to the Issuer) or the Loan (in the case of a sanctioned Plan relating to the Charity) (by, for example, writing down the principal amount of the Bonds or the Loan (as the case may be) or modifying the interest payable on the Bonds or the Loan (as the case may be), the maturity date or dates on which any payments are due). In the worst case scenario, the principal amount of the Bonds or the Loan (as the case may be) could be written down to zero. In either such case, Bondholders may lose their entire investment in the Bonds.

### *Change of law*

The conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus, and any such change could materially adversely impact the value of any Bonds affected by it.

### *The Bonds may not be a suitable investment for all investors seeking exposure to social assets*

The Bonds are intended to be Social Bonds (as defined in the ICMA's Social Bond Guidelines) in accordance with the Issuer's sustainability bond framework (the "**Sustainability Bond Framework**") (see also "*Description of the Issuer – Sustainability Bond Framework*"). The proceeds from the issue of the Bonds (including the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) will be advanced to the Charity by the Issuer and will be used by the Charity in the manner described in "*Additional Information – Use of Proceeds*". Accordingly, for the purpose of the Sustainability Bond Framework, the proceeds of the Bonds will be used in support of "Social Activities" (as described in the Sustainability Bond Framework). Prospective investors should have regard to the information set out in this Prospectus about how the proceeds from the issue of the Bonds will be used and must determine for themselves the relevance of such information for the purpose of any investment in the Bonds together with any other investigation such investor deems necessary. For the avoidance of doubt, the Sustainability Bond Framework is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.

In particular no assurance is given by the Issuer, the Manager or any other person that the use of such proceeds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. If the use of the proceeds of the Bonds does not satisfy, in whole or in part, any such expectations or requirements, this may result in adverse consequences for the relevant investor, including potentially needing to sell the Bonds at a price lower than the price at which such investor purchased the Bonds.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label nor can any such assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given by the Issuer, the Manager or any other person to investors that the intended use of the proceeds of the Bonds will meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives or that any adverse social and/or other impacts will not occur during the use of the proceeds. In addition, no assurance can be given by the Issuer, the Manager or any other person to investors that the Bonds will comply with any future standards or requirements for being Social Bonds and, accordingly, the Social Bond status of the Bonds could be withdrawn at any time. If the use of proceeds does not meet any or all investor expectations and/or if the Bonds do not comply with any future standards or requirements for being Social Bonds and/or if the Social Bond status of the Bonds is withdrawn, this could have an adverse impact on the value of the Bonds or may result in other adverse consequences for the relevant investor, including potentially needing to sell the bonds at a price lower than the price at which such investor purchased the Bonds.

No assurance or representation is given by the Issuer, the Manager or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer and including, without limitation, the second-party opinion on the Sustainability Bond Framework provided by Standard and Poor's Financial Services LLC) which may be made available in connection with the issue of the Bonds. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Manager or any other person to buy, sell or hold the Bonds. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective

investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Bonds. Currently, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight.

In the event that the Bonds are listed or admitted to trading on any dedicated "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Manager or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any social reports. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Manager or any other person that any such listing or admission to trading will be obtained in respect of the Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Bonds.

Any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or the Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

#### **4. RISKS RELATED TO THE MARKET GENERALLY**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

The Bonds do not have an established trading market when issued, and one may never develop. Whilst the Issuer has made an application for the Bonds to be admitted to the London Stock Exchange's electronic Order book for Retail Bonds (the "ORB") and one or more market makers on the ORB will be appointed in respect of the Bonds, there can be no guarantee that a significant market in the Bonds will develop. If a market for the Bonds does develop, it may not be very liquid. Further, whilst the market maker(s) in respect of the Bonds will be required to quote buy and sell prices during normal business hours, there is no restriction on the prices which they can quote. If the secondary market in the Bonds is not liquid, the prices quoted may be unfavourable to investors, and the prices quoted over time may be volatile. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. There is no guarantee of what the market price for selling or buying the Bonds will be at any time. Any actual or perceived weaknesses in the creditworthiness of the Issuer or the Charity, the absence of a liquid market in the Bonds and prevailing market conditions generally can all affect the market price of the Bonds and, accordingly, if an investor in the Bonds elects or is required to sell its Bonds in the market, it may achieve a price for its Bonds which is significantly lower than the price it paid for them.

Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products as it forms part of domestic law pursuant to the EUWA (the "UK PRIIPs Regulation") mandates a pre-contractual disclosure regime in relation to (1) "packaged retail investment products" or "PRIIPs" and (2) "insurance-based investment products" (collectively, "PRIIPs"). The principal obligations under the UK PRIIPs Regulation are: (i) an entity that falls within the definition of a "PRIIP manufacturer" will be required to produce a "key information document" (a "KID") and publish it on its website; (ii) any person advising on or selling a PRIIP to retail investors must provide the investors with the KID in good time before they are bound

by any contract or offer relating to the PRIIP; (iii) a PRIIP manufacturer must regularly review and update the KID; and (iv) a PRIIP manufacturer must establish appropriate complaint and redress procedures for retail investors. The Issuer has prepared a key information document as required by the UK PRIIPs Regulation for the initial offer and sale of the Bonds as of the date hereof. However, the Issuer gives no assurance pursuant to this Prospectus that the KID will be regularly reviewed or updated. Therefore, the KID may not be kept up-to-date. This may impact the development of a secondary market in the Bonds since, without an up-to-date KID, offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

#### ***Exchange rate risk and exchange controls***

The Issuer will pay principal and interest on the Bonds in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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# 3

## DESCRIPTION OF THE CHARITY

**This section sets out information about the Charity.**

## DESCRIPTION OF THE CHARITY

The Charity is Golden Lane Housing Ltd, a charitable company limited by guarantee incorporated in England and Wales with registered number 03597323 on 14 July 1998 under the Companies Act 2006. The Charity is registered with the Charity Commission with registered charity number 1071097. The Charity is a Registered Provider with the Regulator of Social Housing with registration number 4803.

The registered address of the Charity is 123 Golden Lane, London EC1Y 0RT. The telephone number of its head office is 0300 003 7007. The Charity has no subsidiaries.

### Background and overview

The sole member and parent of the Charity is the Royal Mencap Society (“**Mencap**”), a charitable company limited by guarantee incorporated in England and Wales with registered number 00550457 and a registered charity with the Charity Commission with registered charity number 222377. The Charity was originally established by Mencap in 1998 to provide quality homes to people with learning disabilities.

The board of trustees of the Charity (the “**Board**”) has agreed in principle that the Charity intends to convert into a charitable community benefit society (to be registered with the Financial Conduct Authority and exempt from registration with the Charity Commission) by 31 October 2021 and thereafter de-merge from Mencap by 31 March 2022 to operate as a fully independent charity.

One of the biggest challenges facing people with a learning disability in the UK is lack of access to suitable supported accommodation. Due to the chronic housing shortage in the UK, a significant number of people with a learning disability live in unsuitable residential institutions or with elderly parents and carers, and as a result face an uncertain future. Local authority accommodation is in short supply and, with limited choice available, individuals often have to move into accommodation far away from friends and family. The Charity aims to provide people with a learning disability with the opportunity to live in the right house, in the right place, with the right support so that they can prosper, develop their independence and skills and contribute to their communities.

### What is a learning disability?

A learning disability is a reduced intellectual ability, which typically affects an individual for their entire life. People with a learning disability often take longer to learn and may need support with aspects of their everyday life including managing money, household tasks or socialising. The level of support required depends on the severity of the individual’s learning disability. Those with severe or profound learning disabilities often need full-time care and support with all aspects of their life including eating, dressing and personal care. People with a learning disability often also have physical disabilities.

People with specific conditions such as Down’s syndrome and autism can also have a learning disability.

### Principal activities of the Charity

Since its inception, the Charity has built up a substantial property portfolio and currently has 2,342 tenancy units (as at 31 March 2021) for tenants with a learning disability in both its owned and leasehold properties. Its main activities are:

- (a) the ownership and leasing of homes, providing housing for tenants with a learning disability in the UK; and
- (b) the provision of specialist services to its tenants in partnership with other care providers, including Mencap. This includes providing bespoke adaptations to the properties to meet the needs of the tenants.

Underpinning the Charity's principal activities are five key values which are the foundations on which the Charity's work and future plans are based:

- (a) **Caring:** we treat everyone with respect and kindness
- (b) **Listening:** we involve people in the review and design of housing and services
- (c) **Honesty:** we build trust by being open and fair in everything we do
- (d) **Reliable:** we are dependable and trusted to keep our standards and commitments
- (e) **Creative:** we work together in many different ways for great outcomes

To date, the Charity's operations have been exclusively in England, Wales and Northern Ireland.

### **Business model**

The Charity has a range of housing solutions, which are predominately rent accommodation, with a small number of shared ownership units and managed discretionary trusts set up by deceased parents. The principal source of income of the Charity (comprising 90% of total income in the financial year to 31 March 2021) is rent from its tenants in return for provision of accommodation and specialist landlord services. These services range from housing management and maintenance services tailored to the needs of people with a learning disability (including a 24-hour repairs helpline) to advice and guidance to families, individuals, carers and social care professionals on housing-related issues.

As of 31 March 2021, the average core rent for tenants is £197.75 per week, with 97% of tenants paying under "exempt rents" that are typically higher than Local Housing Allowance levels. The majority of tenants rely on housing benefit to help them meet their rent obligations. Most tenants opt to have their benefit paid directly to the Charity by the relevant local authority and the Charity has low levels of bad debts. The Charity uses this rent to fund the costs of managing and maintaining the properties and the costs of servicing capital.

The Charity obtains and adapts specific properties to meet the particular needs of individuals with a learning disability. Turnover of tenants is generally low, due to the quality and location of properties, and in the financial year to 31 March 2021 the Charity's void loss was 4.6% of annual income.

The Charity works very closely with over 200 support organisations who provide care and support services. Mencap is currently the support provider for approximately 31 per cent. of the Charity's tenants. Each of the other support providers works with a much smaller percentage of the Charity's tenants. The support providers are all regulated by the Care Quality Commission. They are appointed and paid directly under contracts with the relevant social service and health authorities.

The Charity became registered as a registered provider of social housing with the Homes and Communities Agency (now the Regulator of Social Housing, the "RSH") on 15 January 2015. The latest regulatory judgement by the RSH, dated 9 December 2020, confirmed the Charity's governance grade as G1 and its viability grade as V1.

### **Products and services**

The Charity has developed a number of ways to provide housing and related services to people with a learning disability and their families, including:

- (a) **Purchase and adaptation.** This has been the core business of the Charity and involves the purchase of high-quality housing tailored to meet an individual tenant's specific needs. This product is particularly suited to people with higher needs because the freehold ownership allows the Charity to make bespoke

property adaptations and provide long-term security of tenure for the individual. As of 31 March 2021 50 per cent. of the Charity's tenants are housed through owned properties and the Charity's aim is to continue to invest in this product using the proceeds of the Loan.

- (b) **Leased Properties.** The Charity's lease product involves the Charity renting properties from private sector landlords, local authorities, and support providers and then sub-letting them to people with a learning disability. Through leases, the Charity acts as a bridge between the private rented sector and people with a learning disability which means it can ensure that people in need benefit from high quality housing and the peace of mind of knowing the Charity is their landlord. The lease model has been a successful product for the Charity in recent years; however, due to lease restrictions, it is not always appropriate for those tenants with higher needs who require adaptations and security of tenure. As of 31 March 2021 some 50 per cent. of the Charity's tenants use the lease product.

### Use of proceeds

The Charity will use the proceeds of the issue of the Bonds to further its charitable objects, including but not limited to the refinancing of a previous loan from the Issuer and the acquisition and/or adaptation of housing for people with one or more learning disabilities.

### Financial summary

The Charity has generated a consistent income and expenditure surplus since its inception in 1998 and has a balance sheet comprising £39.1 million of net assets as at 31 March 2021. Based on this, the Charity believes it has a resilient and proven business model.

The financial statements of the Charity for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 (collectively, the "**Financial Statements**") are incorporated by reference in this Prospectus and a summary of the Charity's historical income and expenditure account and balance sheet, which has been extracted without material adjustment from the Financial Statements, is set out below.

<b>Income and expenditure</b>	<b>Year 31 Mar 2021 Audited £'000</b>	<b>Year 31 Mar 2020 Audited £'000</b>	<b>Year 31 Mar 2019 Audited £'000</b>
<b>Turnover</b>	22,682	20,718	17,250
Operating expenditure	(17,879)	(16,608)	(13,122)
Gain on Disposal of Housing Properties	949	370	348
Operating surplus	5,752	4,480	4,476
Interest receivable	9	25	21
Interest and financing costs	(2,249)	(2,129)	(2,077)
Surplus before tax	3,512	2,376	2,420
Taxation	0	0	0
Surplus for the year after tax	3,512	2,376	2,420
<b>Total comprehensive income for the year</b>	<b>3,512</b>	<b>2,376</b>	<b>2,420</b>
<b>Balance Sheet</b>	<b>Year 31 Mar 2021 Audited £'000</b>	<b>Year 31 Mar 2020 Audited £'000</b>	<b>Year 31 Mar 2019 Audited £'000</b>
<b>Fixed assets</b>	111,320	106,908	98,795
Cash and cash equivalent	12,754	8,552	8,577
Other current assets	1,694	2,013	1,864
<b>Current assets</b>	<b>14,448</b>	<b>10,565</b>	<b>10,441</b>



<b>Current liabilities</b>	17,415	6,141	4,121
<b>Net current assets / (liabilities)</b>	(2,967)	4,424	6,320
<b>Creditors due after more than one year</b>	68,886	75,430	71,638
<b>Provision</b>	412	359	310
<b>Total net assets</b>	39,055	35,543	33,167
Income and expenditure reserve	38,570	34,983	32,607
Restricted (and / or endowment ) reserve	485	560	560
<b>Total Reserves</b>	<b>39,055</b>	<b>35,543</b>	<b>33,167</b>

The Financial Statements have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Accounting Direction for Private Registered Providers of Social Housing 2015, the Companies Act 2006 and UK Generally Accepted Practice.

### Property portfolio

The Charity's property portfolio is located across England, Wales and Northern Ireland in 217 Local Authority areas. Unlike most other housing associations, the Charity does not own blocks of housing on estates because each property owned by the Charity has been specifically obtained (and in many cases adapted) to meet the particular needs of individuals with a learning disability.

The Charity believes that people with a learning disability should be able to live in the neighbourhoods that they are familiar with so that they can be close to friends and family and familiar transport routes, and where they are known in their community.

As at 31 March 2021, the Charity had a £122.9 million property portfolio (at historic cost) which comprises 478 freehold and long leasehold properties, including eight under development and five properties rented at market rent as non-social housing. All of these properties meet the Decent Homes Standard. In addition, 711 properties are leased from landlords and 16 are managed for other bodies. The majority of these leases are between 1 and 5 years in length, with 88 leases currently having over 10 years left to run. The Charity has entered into partnership with nine property owners, including support providers and local authorities, with whom the Charity currently has more than ten property leases. In total, the Charity's portfolio provides 2,342 tenancy units. The Charity is currently progressing 19 new purchase projects across England, Wales and Northern Ireland. Below is a summary of the existing property portfolio by size as at 31 March 2021 which has been extracted from the management database of its property portfolio held and administered by the Charity.

<b>Properties</b>	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>	<b>5 bed +</b>	<b>Total</b>
Owned	148	108	124	71	27	478
Leased	495	84	56	43	33	711
<b>Total</b>	643	192	180	114	60	<b>1,189</b>
Managed	10	5	0	0	1	16
<b>Total</b>	653	197	180	114	61	<b>1,205</b>

Below is a summary of the existing property portfolio by age as at 31 March 2021 which has been extracted from the management database of its property portfolio held and administered by the Charity:

<b>Age:</b>	Pre-1919	1920-1965	1965-1990	Post 1990	No dates
<b>Number of properties:</b>	124	291	397	389	4

### **Current financing arrangements of the Charity**

The Charity currently has the following financing arrangements:

- (a) A loan agreement dated 18 June 2000 and supplemented by an agreement dated 17 May 2002 pursuant to which Nationwide Building Society provided to the Charity a loan facility of £20 million. The loan is secured and is to be repaid over 25 years by way of equal quarterly payments of capital and interest and bears interest at a fixed rate to be agreed from time to time between the Charity and Nationwide Building Society plus a margin of 1 per cent. and an associated costs rate of 0.01 per cent. The fixed rate has been agreed at 5.6 per cent. The balance outstanding as at 31 March 2021 was £452,421.
- (b) A loan agreement dated 1 April 2003 and supplemented by an agreement on 31 March 2006 pursuant to which Mencap provided to the Charity a loan facility of £9.15 million. The loan is secured and is to be repaid over 25 years by way of equal quarterly payments of capital and interest and bears interest at a variable-rate of 0.5 per cent. below the Barclays Bank base rate. The balance outstanding as at 31 March 2021 was £2,415,526.
- (c) A loan agreement dated 2006 pursuant to which Triodos Bank provided to the Charity a loan facility of £6 million. The loan is to be repaid over 25 years on a reducing balance basis with repayments being monthly. The loan is secured and part of the loan bears interest at a variable-rate of 0.75 per cent. above The Royal Bank of Scotland plc base rate. In June 2013, the interest rate on the remainder of the loan was fixed for ten years at 3.34 per cent. per annum. The balance outstanding as at 31 March 2021 for that loan was £2,600,631 on the fixed rate part and £450,569 on the variable rate part.
- (d) A loan agreement dated 26 July 2007 pursuant to which Triodos Bank provided to the Charity a loan facility of £4 million. The loan is secured and is to be repaid over 25 years on a reducing balance basis with repayments being monthly. Part of the loan bears interest at a variable-rate of 0.75 per cent. above The Royal Bank of Scotland plc base rate. In June 2013, the interest rate on the remainder of the loan was fixed for ten years at 3.34 per cent. per annum. The balance outstanding as at 31 March 2021 for that loan was £1,666,086 on the fixed rate part and £242,079 on the variable rate part.
- (e) A loan agreement dated 30 June 2011 pursuant to which Triodos Bank provided to the Charity a term loan facility of £12 million and a revolving facility of £7 million. The term loan is secured and is to be repaid over 25 years on a reducing balance basis with repayments being monthly. The revolving facility is to be repaid over 20 years on a reducing balance basis with capital repayments, which commenced in 2016. The Charity can opt for a fixed interest rate or a variable-rate based on The Royal Bank of Scotland base rate plus 2.25 per cent. subject to a minimum lending rate of 3.5 per cent. per annum. In June 2013, the interest rate on part of the loan was fixed for ten years at 5.34 per cent. per annum and in May 2014 the interest rate on another part of the loan was fixed for 10 years at 5.41 per cent. per annum. The balance outstanding as at 31 March 2021 for that loan was £6,930,152 on the fixed rate part and £2,281,213 on the variable rate part. The balance outstanding as at 31 March 2021 on the revolving facility was £5,675,602 on the variable rate part.
- (f) In 2014, the Charity received a loan from the proceeds of the Issuer's (listed) secured bonds totalling £11,000,000 and which bears interest at a rate of 4.375 per cent. per annum with an expected maturity date of 29 July 2021.

- (g) A loan agreement dated 20th December 2017, pursuant to which The Royal Bank of Scotland plc made available to the Charity a loan facility of £20 million. The loan agreement is secured for a term of 10 years, with interest repayments on any loan to be drawn thereunder being made monthly. The loan was amended and restated on 15 March 2021 between the Charity and National Westminster Bank plc, amending the interest provisions so that the original LIBOR loans will be calculated by reference to SONIA on a specified date in the future. Any loan to be drawn under the loan agreement will bear interest at a variable rate of 1.75 per cent. above LIBOR or a fixed rate to be agreed, subject to the switch to SONIA. The balance drawn and outstanding as at 31 March 2021 was £5,000,000.
- (h) In 2017, the Charity received a loan from the proceeds of the Issuer's (listed) secured bonds totalling £10,000,000. The Issuer subsequently sold £4,000,000 of retained bonds in September 2019 and the remaining £4,000,000 of retained bonds in January 2021, in each case advancing the proceeds to the Charity as a further advance under the loan. Accordingly, the amount outstanding under the loan as at 31 March 2021 was £18,000,000. This loan bears interest at a rate of 3.9 per cent. per annum with an expected maturity date of 23 November 2027
- (i) In addition as of 31 March 2021, the Charity has received £3,171,635 of shared investment contributions and £24,801,463 of capital grants which have been invested in properties. Both would be repayable upon disposal of the relevant jointly purchased asset.

### **Material contracts**

Other than the Issuance Facility Documents to which the Charity is a party, the Charity has entered into the following contract (not being a contract entered into in the ordinary course of business) which is, or may be, material:

A Memorandum of Understanding with Mencap dated 25 May 2016 (the "**Memorandum of Understanding**"), which sets out: the terms of the secondment of employees from Mencap to the Charity; the governance arrangements and how Mencap will help the Charity meet the Regulator of Social Housing's regulatory requirements; details of the loan agreement between Mencap and the Charity; and the services provided by Mencap to the Charity for which the Charity pays a charge.

By way of further background on the Charity's current and future relationship with Mencap, the Charity currently receives various services provided by Mencap including banking, accounts, certain elements of human resources and information technology that includes infrastructure and software, in each case pursuant to the Memorandum of Understanding. All services are and will be recharged at cost until April 2022. The Charity is in the process of winding down these arrangements and transitioning to contractual arrangements with independent and specialist third parties, with the overall intention being to arrange for all IT, payroll services and finance-related functions to be operated from the Charity's Manchester office.

Similarly, all of the Charity's staff are presently employed by Mencap, seconded to the Charity and recharged at cost to the Charity, also pursuant to the Memorandum of Understanding. Should the Charity proceed with the decision to de-merge from Mencap and become a fully independent charity by 31 March 2022, as agreed in principle by the Charity's Board and the Board of Mencap, it is envisaged that all of the Charity's staff will be transferred as a matter of law from Mencap to the Charity, in accordance with the Transfer of Undertakings (Protection of Employment) regulations.

In addition, Mencap has provided a 25 year secured loan to the Charity (see further details above in paragraph (b) of "*Current financing arrangements of the Charity*"), which is also referred to in the Memorandum of Understanding. It is currently envisaged that, if the proposed conversion by the Charity into a charitable community benefit society structure goes ahead, a voluntary prepayment comprising half of the outstanding principal amount of this loan will be made on or around the conversion date. Furthermore, if the proposed de-merger by the Charity from Mencap takes place, it is also currently envisaged that a voluntary prepayment will

be made to prepay the remaining outstanding amounts under this loan in full on or around the date of such de-merger.

## **Board**

The role of the Board is to provide strategic leadership for the Charity and the Board has responsibility for the governance, policy and finance of the Charity. The members of the Board are chosen to ensure a broad range of relevant experience and expertise within the sector in which the Charity operates. The trustees are also the directors of the Charity for the purposes of company law in accordance with the Companies Act 2006.

### **Neil Hadden, Chair**

Neil is the chair of the Board. He joined the Charity in June 2018 bringing extensive senior housing experience up to and including CEO level. Most recently was his position as CEO at Genesis Housing Association, managing a multi-regional housing association owning or managing circa 33,000 homes with an annual turnover in excess of £250 million. Neil is also a corporate member of the Chartered Institute of Housing, as well as chair of MORhomes, a new company established to help housing associations to access funds from the capital markets.

### **Stephen Jack**

Stephen has been a trustee of the Charity since December 2016 and has been a Mencap trustee since June 2014. He is a chartered accountant who, in his executive career, held senior management positions in a number of international financial services organisations. From 2007 until its closure in 2015, he was the chairman of the Independent Living Fund, a non-departmental public body sponsored by the Department for Work and Pensions, which provided support to more than 40,000 disabled people across the UK during its lifetime.

He was the vice chair of Anchor Hanover, a housing association which provides homes and care for elderly people, and is the vice chair of the Cambridge Building Society and a director of MUFG Securities EMEA plc. He was awarded an OBE in 2014 for services to disabled people.

### **Ralph Middlemore**

Ralph is a qualified chartered surveyor and property professional with extensive experience of working at a senior level for a number of regional and national social landlords.

Most recently Ralph was director of property maintenance for the Places for People Group and in this role was responsible for the management and delivery of property maintenance operations across England and Wales which involved managing the delivery of property related services to over 55,000 properties and managing a team of over 500 people.

In his executive career he has been responsible for the management of assets for social landlords and in the private sector as a director of national construction and engineering companies.

### **Charles Cleal**

Charles is a director at JLL, specialising in affordable housing. JLL is a large international firm of property advisors.

Charles is a chartered surveyor and RICS registered valuer. He leads the transactional side of JLL's affordable housing team. His team advises clients on all types of affordable housing transactions including the acquisition, disposal or swaps of existing social housing stock, S106 sales and land transactions. In addition to this Charles provides valuation and consultancy advice to his clients. Prior to joining JLL Charles worked at Deloitte.

### **Brendan Whitworth**

Brendan is a relationship manager at The Housing Finance Corporation, a community benefit society which specialises in lending to the social housing sector with £7.5 billion of loans.

During his career, he has been general manager of a small UK-registered bank and senior credit officer at Standard Chartered Bank in Singapore.

He has been a treasurer at the Institute of War and Peace Reporting, a media charity operating in crisis zones around the world and a loans officer at the St Alban's District Credit Union. He has an older sister who has a learning disability.

### **Lorraine Ford**

Lorraine is an Area Manager at the Greater London Authority. She leads GLA relationship management with a range of housing providers and London boroughs to deliver new affordable homes which meet the needs of Londoners. She works with and supports housing providers to initiate new schemes, advising them on GLA investment programmes, working with them to resolve viability and investment challenges, and then managing a portfolio of live projects which GLA supports.

Lorraine has extensive and varied experience in the public sector, having worked in central and local government and universities. She has also worked in the private sector, most recently for the British Retail Consortium, both in London and Brussels.

She has a niece with a learning disability.

### **Philip Middlewood**

Philip is the chief executive of regional charity Autism West Midlands, a charity that provides social care and family support to children, families and adults on the autistic spectrum with and without a learning disability.

Prior to this Philip worked for eight years as a development director for a learning disability support provider that specialised in supported living particularly for those with complex needs. He was the lead on many new developments that supported people to move from assessment and treatment units or hospitals and NHS campuses to move to live in the community.

Prior to this he worked at senior level in development and fundraising roles in the charitable sector particularly for disadvantaged groups and as a strategy manager within local government.

Philip has had an association with learning disabilities for nearly two decades both professionally and personally.

### **Anne Rowlands**

Anne is a housing professional with almost 40 years' experience in the social housing and care sectors. Anne is currently the CEO of Railway Housing Association which is a charitable association based in the North East of England which celebrated its centenary in 2019. The association has a specialism in providing housing for older people.

Anne also spent a number of years working in a development capacity for organisations which provide housing for people with a learning disability and additionally worked for Mencap and other charities working with people with a learning disability

Anne is a fellow of the Chartered Institute of Housing.

## **Nikki Bowker**

Nikki Bowker is a solicitor and partner at Devonshires Solicitors. She specialises in litigation and dispute resolution and works extensively with housing associations, advising them on a range of issues including fraud prevention, complex IT projects and reputation management.

Nikki has a sister with a learning disability.

The business address of each of the board members is 123 Golden Lane, London EC1Y 0RT.

In the five years prior to the date of this Prospectus, the trustees have held the following material directorships and trustee positions (excluding those relating to the Charity):

<b>Name</b>	<b>Current directorship / trustee positions</b>
Stephen Jack	Trustee Director of the Royal Mencap Society; Trustee of MUSE Pension Scheme; Director of Cambridge Building Society; Non-Executive Board Vice-Chair Anchor Hanover Group; Independent Non-Executive Director MUFG Securities EMEA PLC
Ralph Middlemore	Non-Executive Director of Johnnie Johnson Developments Limited; Director of Housing Maintenance Solutions Limited (a subsidiary of Torus); Director of Torus 62 Commercial Services Limited
Neil Hadden	Director of Neil Hadden Associates Limited; Director and Chair of the Board of MORhomes PLC

There are no potential conflicts of interest between any duties of the board members of the Charity and their private interests and/or other duties.

### **Board Sub-Committees and partnership groups:**

In relation to governance, the Board is supported by the work of four sub-committees: the Risk and Audit Committee, the New Business Committee, the Treasury Committee and the Governance Committee, as well as a partnership group of tenants and board members which is referred to as the Inclusion Advisory Committee.

### **Executive Management Team:**

#### **John Verge (Chief Executive Officer)**

John was appointed as the chief executive of the Charity in 2018, having worked for the organisation for 18 years. John has over 25 years of experience working in the social housing sector and helped drive the strategic growth of the Charity as head of development from 2014 to 2018 by developing key partnerships and innovative housing solutions with commissioners, support providers, and families across England, Wales and Northern Ireland. John is Chair of the Learning Disability and Autism Housing Network, a coalition of registered housing associations providing housing and services. John has a Masters in Housing Studies from the University of West

of England, an Executive MBA at Warwick Business School and a Fellow of both Chartered Institute of Housing and Royal Society of Arts for making a significant contribution to housing.

#### **Marilyne Davis (Director of Finance)**

Marilyne joined the Charity in 2005 and is responsible for all financial matters, reporting directly to the Board on the finances of the Charity. She leads a finance team of six people who are responsible for the production of quarterly management accounts and financial forecasts. Marilyne successfully led the negotiation of £40 million of loan finance to support the growth in housing solutions provided by the Charity and participated in the development of several innovative housing solutions. Marilyne and Alastair Graham (the previous Chief Executive Officer of the Charity, prior to John Verge's appointment) led for the Charity on both the Charity's 2013 bond and the 2014 bond issue by Retail Charity Bonds PLC which was secured on a loan to the Charity. Marilyne has been a member of the Chartered Institute of Management Accountants since September 2000.

#### **Warren Bradley (Director of Legal and Governance)**

Warren was appointed as director of legal and governance, and company secretary, of the Charity in December 2019.

Warren is a former chair of the London and Home Counties Law Society Special Interest Group on housing and he is a founding director and board member of the Social Housing Law Association. His legal experience spans five Court of Appeal cases, advice to the Home Secretary, and working on projects with the Ministry of Housing and the National Housing Federation.

Warren is passionate about the contribution that safe, quality housing can make in the lives of the Charity's tenants, and the importance of the housing association sector.

#### **Melissa O'Donnell (Director of Operations)**

Melissa joined the Charity in 2008 as business development manager, having previously worked in the social housing sector for 13 years. Melissa was appointed to her current role in 2009 and now leads the property and customer services functions within the Charity, incorporating the day-to-day repairs service. She is responsible for the compliance and planned maintenance programme for all of the Charity's properties and has been a member of the Charity's Executive Team since 2008.

#### **Rod Dugher (Director of Housing)**

Rod joined the Charity in 2002 from the position of principal housing manager with a local authority. Rod leads the Charity's housing service and a team of housing professionals who deliver services, including income management, to all the Charity's tenants and customers across England, Wales and Northern Ireland. Rod is a member of the Chartered Institute of Housing and has worked in the private and social housing sectors for over 25 years. Rod is a member of the Charity's executive team, is the safeguarding lead and is a champion for engaging with tenants to help continually shape and improve services.

#### **Abdul Latif (Director of Development)**

Abdul joined the Charity in 2018 as the director of development. He previously worked for a national registered housing provider for the last 15 years carrying out various roles within social housing.

In his previous role, Abdul led on growth strategy through acquisitions and new builds. He is passionate about working to help housing people with a learning disability. He has extensive knowledge around business development as well contract and housing management.

Abdul now heads the development department and is responsible for the Charity's ambitious growth plans and ensuring the Charity achieves its targets around new business.

#### **Adele Currie (Head of People and Culture)**

Adele joined the Charity in 2014 bringing around ten years of housing practice and 20 years of human resources management experience. Adele is a chartered member of the Chartered Institute of Personnel and Development (CIPD). Adele is responsible for the design and delivery of the people strategy including structure, salary, training, development and performance management. Having achieved a Masters in Coaching and Mentoring Adele successfully coaches and mentors at all levels to enhance performance, including in relation to continuous improvement and leadership skills.

#### **Corporate Governance**

The Charity has adopted the "National Housing Federation Code of Governance 2020" (the "**Code**"), which is a code of governance written for housing associations in May 2021. The Charity is committed to undertaking an annual review of its governance against the criteria of the Code in order to monitor compliance. The Charity provides induction and training for its Trustees.

The code in place for the year ending 31 March 2021 was the "Good Governance: A Code for the Voluntary and Community Sector Code", a code of governance written for charities and voluntary organisations. For the year ending 31 March 2021, the Board received a compliance self-assessment report and were assured that the Charity is compliant with that code.



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# 4

## INFORMATION ABOUT THE BONDS

**This following section summarises the key features of the Bonds.**

The full terms and conditions of the Bonds are contained in Appendix B (*“Terms and Conditions of the Bonds”*). It is important that you read the entirety of this Prospectus, including the Terms and Conditions of the Bonds, before deciding to invest in the Bonds. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

## INFORMATION ABOUT THE BONDS

		Refer to
<p><b>What is a bond?</b></p>	<p>A bond is a form of borrowing by a company seeking to raise funds from investors. The company that issues a bond promises to pay interest to each investor in the relevant bond periodically until the date when the relevant bond becomes repayable (usually on the specified maturity date, although a bond may also become repayable early in certain circumstances), at which time the company also promises to repay the amount borrowed.</p> <p>An investor does not have to keep a bond until the date when the bond matures. Unlike a typical bank loan, a bond is a tradable instrument, so can be sold to another investor in the market. The market price of a bond will fluctuate between the start of the bond’s life and when it matures.</p> <p>This Prospectus relates to a proposed issue of Golden Lane Housing Ltd 3.25 per cent. Social Bonds due 22 July 2031 issued by Retail Charity Bonds PLC and secured on a loan to the Charity.</p>	<p>N/A</p>
<p><b>Who is issuing the Bonds?</b></p>	<p>The Bonds will be issued by the Issuer.</p> <p>The Issuer is an entity which has been established for the purpose of issuing asset-backed securities, which means that it has been incorporated for specific purposes only (i.e. to issue bonds), will not conduct business more generally and has very limited assets. The Issuer will not engage in any activities which are not related to the issue of bonds.</p> <p>The Issuer has been incorporated with a view to making it easier for United Kingdom charities to raise money from investors in the capital markets, without each such charity having to issue bonds directly. Instead, the Issuer may issue bonds from time to time and lend the proceeds of such issue to a charity. Payments of interest and principal due on the loan and those due on the bonds will be identical (save that payments of interest and principal under the loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the bonds) so that payments of interest and repayment of the loan by the charity will provide the Issuer with funds to make the corresponding payment on the related bonds.</p> <p>The proceeds of the Bonds (including (if applicable) the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to the Charity by way of the Loan on the terms of the Loan Agreement. The Issuer will depend on the Charity to make payments under the Loan Agreement in order for it to be able to make payments on the Bonds. Therefore, investors in the Bonds will be assuming credit risk on the Charity, as to which investors</p>	<p>Appendix B  <i>(“Terms and Conditions of the Bonds”)</i></p> <p>Section 7  <i>(“Description of the Issuer”)</i></p>

		Refer to
	<p>should refer to Section 2 (“<i>Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds – The Issuer’s only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity</i>”).</p>	
<p><b>What are Retained Bonds?</b></p>	<p>When the Bonds are issued by the Issuer, the Issuer may immediately purchase some of the Bonds (any such Bonds so purchased, the “<b>Retained Bonds</b>”). The aggregate nominal amount of Retained Bonds (if any) will be set out in the Issue Size Announcement.</p> <p>Any Retained Bonds will be held by The Bank of New York Mellon, London Branch in its capacity as bond custodian in respect of such Retained Bonds (or any successor or replacement custodian thereto) (the “<b>Custodian</b>”) pursuant to a bond custody agreement dated the Issue Date between the Issuer and the Custodian (or such other custody agreement entered into from time to time between the Issuer and the Custodian) in respect of the Retained Bonds (the “<b>Custody Agreement</b>”).</p>	N/A
<p><b>How will the Issuer deal with any Retained Bonds?</b></p>	<p>If any Retained Bonds are issued, the Issuer may, following agreement with the Charity and the Manager (or, failing agreement with the Manager, any third party), sell or dispose of all or some of such Retained Bonds in the market by private treaty at any time provided that:</p> <p>(i) the relevant Bonds will, following the relevant sale or disposal, be exempt from all United Kingdom stamp duties on transfer and will not be “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005; or</p> <p>(ii) if the Issuer would otherwise be in any material doubt, HM Revenue &amp; Customs has prior to the relevant sale or disposal confirmed to the Issuer in writing that the relevant Bonds will be exempt from all United Kingdom stamp duties on transfer and will not be “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 following the relevant sale or disposal.</p> <p>The proceeds of any such Retained Bonds (following a sale or disposal to any third party from time to time) will be loaned to the Charity under the terms of the Loan Agreement.</p> <p>Any Retained Bonds shall, following a sale to any third party from time to time, cease to be Retained Bonds to the extent of and upon such sale or disposal. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same conditions as other Bonds.</p>	<p>N/A</p> <p>Appendix D (“<i>Loan Agreement</i>”)</p>

		Refer to
<b>What is the Custody Agreement?</b>	The Issuer will, if any of the Bonds to be issued are Retained Bonds, enter into the Custody Agreement with the Custodian whereby it appoints the Custodian to act as custodian and hold such Retained Bonds on its behalf. The Custody Agreement will contain customary terms for custody agreements and limited recourse and non-petition language on terms similar to the Terms and Conditions of the Bonds. If applicable, the Custodian will be one of the secured parties under the Trust Deed.	N/A
<b>Why doesn't the Charity issue the Bonds directly?</b>	<p>There are various constraints on the Charity issuing the Bonds directly and also several advantages for both investors and the Charity in the Bonds being issued by the Issuer:</p> <p><i>Listing and costs for the Charity:</i> The Issuer has been established as a means to enable charities to access the capital markets with reduced transaction costs using a master set of legal documents, including an Issuance Facility Agreement, a Master Trust Deed and an Agency Agreement. The terms of these legal documents contain contractual provisions that can be used to issue further bonds in the future. This has the overall effect of making a capital markets exercise of this nature cost-effective for charities. However, it will be necessary for the Issuer and other charities wishing to use the facility to prepare a new prospectus. Each prospectus is subject to review by the UK Financial Conduct Authority and must be approved on a case-by-case basis.</p> <p><i>ISA and SIPPS:</i> it is a requirement for eligibility for inclusion in a United Kingdom individual saving account or a self-invested pension plan that assets be obligations of a body corporate having issued share capital. The Issuer qualifies for this. The Charity does not.</p>	N/A
<b>Who is the Charity?</b>	The Charity is Golden Lane Housing Ltd, a charitable company limited by guarantee incorporated and domiciled in England and Wales, with registered number 03597323 and registered charity number 1071097. The Charity is also a registered provider of social housing registered with the Regulator of Social Housing, with Registered Social Landlord Number 4803.	Section 3 ( <i>"Description of the Charity"</i> )
<b>What are the terms of the Bonds?</b>	<p>The Bonds will be subject to Appendix B (<i>"Terms and Conditions of the Bonds"</i>).</p> <p>The Bonds:</p> <ul style="list-style-type: none"> <li>• entitle the Bondholders to receive semi-annual interest payments at a fixed interest rate of 3.25 per cent. per annum, subject to Condition 8;</li> <li>• have a nominal amount of £100 per Bond;</li> <li>• are scheduled to be redeemed on 22 July 2031, although if the</li> </ul>	Appendix B ( <i>"Terms and Conditions of the Bonds"</i> )

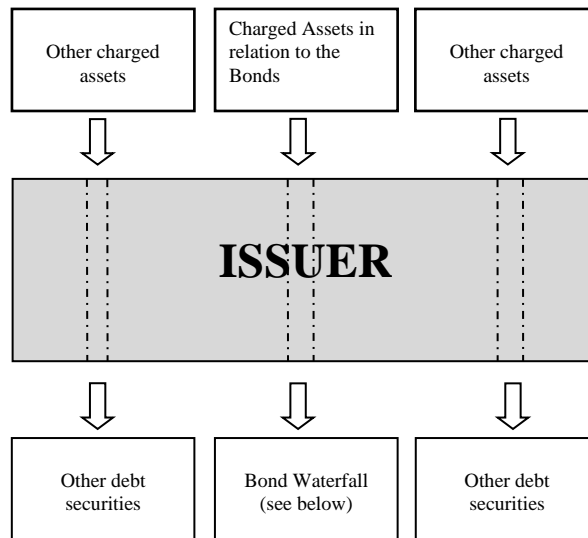
		Refer to
	<p>Charity fails to repay the Loan on that date, redemption shall be deferred until 22 July 2033 without default. If the Charity fails to repay the Loan on 22 July 2031, and repayment is deferred until 22 July 2033, under the terms of the Loan the rate of interest payable on the Bonds will increase by an additional 1.00 per cent. per annum;</p> <ul style="list-style-type: none"> <li>• will be redeemed at 100 per cent. of their principal amount on 22 July 2031 or, if redemption is deferred, on 22 July 2033;</li> <li>• may be redeemed early if the Charity repays the Loan early and in full, at the Sterling Make-Whole Redemption Amount (as defined below); and</li> <li>• are intended to be admitted to trading on the London Stock Exchange’s main market and through ORB.</li> </ul>	
<p><b>What does it mean that the Bonds are “secured on a loan” to the Charity?</b></p>	<p>The proceeds of the Bonds (including (if applicable) the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) will be lent by the Issuer to the Charity on the terms of the Loan Agreement. The Loan Agreement will be in substantially the form set out in Appendix D of this Prospectus. The terms of the Loan and those of the Bonds will be aligned such that payments of interest and repayments of principal are identical (save that payments of interest and repayments of principal under the Loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds, and subject to any withholding for or on account of taxes either on amounts paid under the Loan or under the Bonds), so that payments of interest and principal by the Issuer in respect of the Bonds will be funded by the interest and principal which the Issuer receives from the Charity under the Loan Agreement.</p> <p>The Issuer’s rights in respect of the Loan Agreement from the Charity (and certain related rights) will be charged as security and assigned to the Trustee for the benefit of the Bondholders and certain other secured parties. This means that if the Charity fails to make payments of interest or principal under the Loan Agreement and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the Bondholders) may enforce the terms of the Loan Agreement against the Charity, and if any amounts are recovered under the Loan they will be available, following payment of certain costs related to enforcement (such as the fees of the Trustee), for payment to the holders of the Bonds. The Loan Agreement contains certain covenants which the Charity must comply with such as, for example, a requirement to ensure that as at each testing date, its net asset value as determined by reference to its most recent audited financial statements is at least 130 per cent. of the outstanding balance of the Loan and all other unsecured,</p>	<p>Appendix D (“<i>Loan Agreement</i>”)</p>

		Refer to
	<p>unsubordinated borrowings (other than any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in the most recent audited financial statements of the Charity from time to time.</p> <p>Whilst the Issuer’s rights in respect of the Loan are secured in the manner described above, the Loan itself is not secured by any asset of the Charity or otherwise.</p> <p>A description of the transaction structure is included below:</p> <p><b>N.B. the proceeds of any Retained Bonds, once sold to any third party from time to time, will be advanced under the Loan Agreement at that time.</b></p> <p>Whilst the Issuer may, from time to time, issue other bonds and lend the proceeds of those issues to other charities, the only assets of the Issuer to which investors in the Bonds will have recourse if the Issuer fails to make payments in respect of the Bonds will be the Issuer’s rights against the Charity under the Loan Agreement, the related rights under the issue documents in relation to the Loan. The holders of the Bonds will not have recourse to the other assets of the Issuer in connection with the other bond issues.</p>	
<p><b>Why are the Bonds being issued? What will the proceeds be used for?</b></p>	<p>The Bonds are intended to be Social Bonds (as defined in the ICMA’s Social Bond Guidelines) in accordance with the Issuer’s Sustainability Bond Framework (see also "<i>Description of the Issuer – Sustainability Bond Framework</i>").</p> <p>The Charity will use the proceeds of the issue of the Bonds to further its charitable objects, including but not limited to the</p>	<p>Section 3  <i>("Description of the Charity")</i></p>

		<b>Refer to</b>
	refinancing of a previous loan from the Issuer and the acquisition and/or adaptation of housing for people with one or more learning disabilities.	
<b>Will I be able to trade the Bonds?</b>	<p>The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its main market and through ORB. If this application is accepted, the Bonds are expected to commence trading on or around 23 July 2021.</p> <p>Once admitted to trading, the Bonds may be purchased or sold through a broker. The market price of the Bonds may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Bonds and movements in interest rates. See Section 2 (“<i>Risk Factors – Risks related to the market generally – The secondary market generally</i>”).</p>	Section 10 (“ <i>Additional Information – Listing and admission to trading of the Bonds</i> ”)
<b>How will payments on the Bonds be funded?</b>	Payments of interest and principal by the Issuer in respect of the Bonds will be funded by the interest and principal which the Issuer receives from the Charity under the Loan. Payments of interest and principal due on the Loan and those due on the Bonds (other than any Retained Bonds) will be identical (save that payments of interest and principal under the Loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds, and subject to withholding for or on account of taxes either on amounts paid under the Loan or under the Bonds), and accordingly the Loan has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds.	<p>Section 7 (“<i>Description of the Issuer</i>”)</p> <p>Section 3 (“<i>Description of the Charity</i>”)</p> <p>Appendix D (“<i>Loan Agreement</i>”)</p>
<b>What is the interest rate and can the interest rate change?</b>	The Bonds bear interest from their date of issue at the fixed rate of 3.25 per cent. per annum. The yield of the Bonds is 3.25 per cent. per annum until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 22 January and 22 July in each year. If repayment of the Loan is deferred until the Legal Maturity Date (as defined below) rather than being made on the Expected Maturity Date, the rate of interest payable on the Bonds will be increased by an additional 1.00 per cent. per annum from and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date (see “ <i>When will the Bonds be repaid?</i> ” below).	Condition 8 (“ <i>Interest</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)
<b>When will interest payments be made?</b>	<p>The first payment of interest in relation to the Bonds is due to be made on 22 January 2022.</p> <p>Following the first payment, interest is expected to be paid on 22 July and 22 January in each year up to and including the date the Bonds are repaid.</p>	Condition 8 (“ <i>Interest</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)
<b>How is the amount of interest payable</b>	The Issuer will pay a fixed rate of 3.25 per cent. interest per year in respect of the Bonds. Interest will be payable in two semi-annual instalments. Therefore, for each £100 nominal amount of Bonds	Condition 8 (“ <i>Interest</i> ”) of Appendix B

		<b>Refer to</b>
<b>calculated?</b>	that you buy on 22 July 2021, for instance, you will receive £1.625 on 22 January 2022 and £1.625 on 22 July 2022, and so on every six months until and including the Expected Maturity Date (unless you sell the Bonds or they are repaid by the Issuer) (as such terms are defined below and see “ <i>When will the Bonds be repaid?</i> ” below). As the amount of interest payable will increase following the Expected Maturity Date, the amount payable thereafter will be re-calculated accordingly.	(“ <i>Terms and Conditions of the Bonds</i> ”)
<b>What is the yield on the Bonds?</b>	On the basis of the issue price of the Bonds of 100 per cent. of their nominal amount, the initial yield (being the interest received from the Bonds expressed as a percentage of their nominal amount) of the Bonds on the Issue Date is 3.25 per cent. per annum until 22 July 2031. This initial yield is not an indication of future yield.	N/A
<b>What will the Bondholders receive in a winding up of the Issuer?</b>	<p>The Issuer has been established for the purpose of issuing asset-backed securities, which means that the risk of its entering into insolvency proceedings is low, even if the Charity fails to make payments on the Loan thereby preventing the Issuer from making payments on the Bonds. If the Issuer does become insolvent, it does not have any other financial or trade creditors which would rank ahead of the Bondholders (other than as contemplated under the Issuance Facility Documents (as defined in Appendix B (“<i>Terms and Conditions of the Bonds</i>”))).</p> <p>There is, however, no assurance that the Issuer’s continued solvency will mean the Issuer can meet its payment and other obligations in respect of the Bonds.</p> <p>If the Charity does not meet its obligations under the Loan Agreement resulting in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee shall be responsible for accelerating the Loan (which means that it becomes due and payable). The Trustee will be responsible for taking such steps as it in its absolute discretion considers appropriate in an attempt to ensure the payment of the outstanding sum and, if necessary, (acting on the instructions of Bondholders) shall take action against the Charity to enforce the Issuer’s rights under the Loan Agreement (see below in respect of the Bond Waterfall). However, the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured to its satisfaction.</p> <p>The obligations of the Issuer to the Bondholders in respect of the Bonds are limited in recourse to certain Charged Assets (being, in general terms, the Issuer’s rights under the Loan Agreement and certain related rights under the Issuance Facility Documents), which means that the holders of the Bonds will not have recourse to the other assets of the Issuer in connection with the other bond issues of the Issuer (see Diagram (<i>Limited Recourse</i>) below).</p>	Section 7 (“ <i>Description of the Issuer</i> ”)



**Diagram (Limited Recourse)**

Further information is contained in the detailed provisions of Condition 6.2 (“*Post-Enforcement*”) of Appendix B (“*Terms and Conditions of the Bonds*”).

In a post enforcement scenario, i.e. if the Trustee (acting on the instructions of the Bondholders) takes enforcement action in relation to the Charged Assets, monies received will be used to make payments to the following parties in the order of priority below (the "**Bond Waterfall**"):

1. (Any outstanding) Trustee fees and expenses insofar as they relate to the enforcement of the Bonds and/or the related Loan
2. (Any outstanding) Agent or (if applicable) Custodian fees and expenses insofar as they relate to the Bonds and are not otherwise payable out of the Expense Reserve Account\*
3. (Any outstanding) Servicer fees and expenses insofar as they relate to the enforcement of the Bonds and/or the related Loan
4. (Any outstanding) payment of certain other amounts to cover the Issuer's general expenses due from the Charity under the Loan
5. Bondholders
6. Expense Reserve Account

\* See “*Summary of the Servicer*” below.

		<b>Refer to</b>
	Further information is contained in the detailed provisions of Condition 6.2 (“ <i>Post-Enforcement</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”).	
<b>Will the Bonds be rated by a credit rating agency?</b>	No. Neither the Bonds nor the Issuer is rated by a credit rating agency, and the Issuer does not intend to seek a credit rating for the Bonds.	N/A
<b>When will the Bonds be repaid?</b>	<p>The Bonds are scheduled to be redeemed at 100 per cent. of their nominal amount on the Expected Maturity Date. However, if and to the extent that the Charity elects to extend the maturity date of the Loan pursuant to its right to do so under the terms of the Loan, the redemption of the Bonds will be postponed until the Legal Maturity Date.</p> <p>The Bonds may be redeemed early if the Charity repays the Loan early and in full in circumstances in which it is permitted to do so, at the Sterling Make-Whole Redemption Amount.</p> <p>The “<b>Sterling Make-Whole Redemption Amount</b>” is an amount which is calculated to ensure that the redemption price produces a sum that, if reinvested in a reference bond (in this case a UK gilt), would continue to give the Bondholder the same yield on the money that was originally invested as they would have received had the Bonds not been redeemed.</p>	Condition 10 (“ <i>Redemption and Purchase</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)
<b>Do the Bonds have voting rights?</b>	Bondholders (other than holders of any Retained Bonds) have certain rights to vote at meetings of Bondholders, but are not entitled to vote at any meeting of shareholders of the Issuer.	Condition 17 (“ <i>Meetings of Bondholders, Modification and Waiver</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)
<b>Who will represent the interests of the Bondholders?</b>	The Trustee is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Issuer throughout the life of the Bonds. The main obligations of the Issuer (such as the obligation to pay and observe the various covenants in the terms and conditions of the Bonds) are owed to the Trustee. These obligations are enforceable by the Trustee only, not the Bondholders themselves. Although the entity chosen to act as the Trustee is chosen and appointed by the Issuer, the Trustee must act in the interests of the Bondholders in accordance with the terms of the Trust Deed.	Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)
<b>Can the terms and conditions of the Bonds be</b>	The terms and conditions of the Bonds provide that the Trustee may agree to: (a) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor	Condition 17 (“ <i>Meetings of Bondholders,</i>

		<b>Refer to</b>
<b>amended?</b>	<p>or technical nature or is made to correct a manifest error (which is an error that is clear, plain and obvious) or an error which, in the opinion of the Trustee, is proven; (b) waive, modify or authorise a proposed breach by the Issuer of a provision of the Trust Deed or the terms and conditions of the Bonds if, in the opinion of the Trustee, such modification is not prejudicial to the interests of the Bondholders. The Trustee can agree to any such changes without obtaining the consent of any of the Bondholders.</p> <p>Bondholders may also sanction a modification of the terms and conditions of the Bonds by passing an extraordinary resolution.</p>	<p><i>Modification and Waiver</i>) of</p> <p>Appendix B (<i>Terms and Conditions of the Bonds</i>)</p>
<b>How do I apply for Bonds?</b>	<p>Details on how to apply for the Bonds are set out in Section 5 (<i>How to Apply for the Bonds</i>).</p>	<p>Section 5 (<i>How to Apply for the Bonds</i>)</p>
<b>What if I have further queries?</b>	<p>If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.</p>	<p>N/A</p>

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# 5

## HOW TO APPLY FOR THE BONDS

**The following section sets out what you must do if you wish to apply for any Bonds.**

## HOW TO APPLY FOR THE BONDS

<p><b>How and on what terms will Bonds be allocated to me?</b></p>	<p>Applications to purchase the Bonds cannot be made directly to the Issuer. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.</p> <p>It is important to note that none of the Issuer, the Charity, the Servicer, the Manager or the Trustee is party to such arrangements between you and the relevant authorised offeror (each an “<b>Authorised Offeror</b>”), being a person to whom the Issuer and, as applicable, the Charity have given their consent to use this Prospectus in accordance with Article 5(1) of the UK Prospectus Regulation. You must therefore obtain this information from the relevant Authorised Offeror. Because they are not party to the dealings you may have with the Authorised Offeror, the Issuer, the Charity, the Servicer, the Manager and the Trustee will have no responsibility to you for any information provided to you by the Authorised Offeror.</p>
<p><b>What is the issue price of the Bonds?</b></p>	<p>The Bonds will be issued at the issue price of 100 per cent. (the “<b>Issue Price</b>”). Any investor intending to acquire any Bonds from an Authorised Offeror will do so at the Issue Price subject to and in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor, including as to price, allocations and settlement arrangements. Neither the Issuer nor (unless acting as an Authorised Offeror in that capacity) the Manager is party to such arrangements with investors and accordingly investors must obtain such information from the relevant Authorised Offeror. Neither the Issuer nor (unless acting as an Authorised Offeror in that capacity) the Manager has any responsibility to an investor for such information. See “<i>What is the amount of any expenses and taxes specifically that will be charged to me?</i>” below for further information.</p>
<p><b>How and when must I pay for my allocation and when will that allocation be delivered to me?</b></p>	<p>You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to you in return for payment.</p>
<p><b>When can the Authorised Offerors offer the Bonds for sale?</b></p>	<p>An offer of the Bonds may be made by the Manager and the other Authorised Offerors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the period from 1 July 2021 to 12.00 (London time) on 16 July 2021, or such other time and date as agreed between the Issuer and the Manager and announced via a regulatory information service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the “<b>Offer Period</b>”).</p> <p>After the end of the Offer Period, no Bonds will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Authorised Offerors (in their capacity as Authorised Offerors) except with the consent of the Issuer.</p>
<p><b>Is the offer of the Bonds</b></p>	<p>The issue of Bonds is conditional upon (i) a subscription agreement being</p>

<b>conditional on anything else?</b>	signed by the Issuer and the Manager on or about 20 July 2021 (the “ <b>Subscription Agreement</b> ”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 20 July 2021; and (iii) the Loan Agreement to be dated the date of issue of the Bonds being signed by the Issuer and the Charity. The Subscription Agreement will include certain conditions customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and comfort letters in a form satisfactory to the Manager).
<b>Is it possible that I may not be issued with the number of Bonds I apply for? Will I be refunded for any excess amounts paid?</b>	You may not be allocated all (or any) of the Bonds for which you apply. This might happen for example if the total amount of orders for the Bonds exceeds the aggregate nominal amount of Bonds ultimately issued. There will be no refund as you will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds have been allocated to you.
<b>Is there a minimum or maximum amount of Bonds that I can apply for?</b>	The minimum application amount for each investor is £500. There is no maximum amount of application.
<b>How and when will the results of the offer of the Bonds be made public?</b>	The results of the offer of the Bonds (including details of the aggregate nominal amount of Retained Bonds (if any)) will be made public in the Issue Size Announcement, which will be published prior to the Issue Date. The Issue Size Announcement is currently expected to be made on or around 16 July 2021.
<b>Who can apply for the Bonds? Have any Bonds been reserved for certain countries?</b>	Subject to certain exceptions, Bonds may only be offered by the Authorised Offerors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period. No Bonds have been reserved for certain countries.
<b>When and how will I be told of how many Bonds have been allotted to me?</b>	You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) in accordance with the arrangements in place between you and the Authorised Offeror.
<b>Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?</b>	No steps have been taken to allow the Bonds to be traded before informing you of your allocation of Bonds.
<b>What is the amount of any expenses and taxes specifically that will be charged to me?</b>	The Issuer will not charge you any expenses.  An Authorised Offeror may charge you expenses. However, these are beyond the control of the Issuer and are not set by the Issuer. The Issuer estimates that, in connection with the sale of Bonds to you, the expenses charged to you by one of the Authorised Offerors known to it as of the date of this Prospectus will be between 1 per cent. and 7 per cent. of the aggregate principal amount of the Bonds sold to you.
<b>What are the names and addresses of those distributing the Bonds?</b>	As of the date of this Prospectus, the persons listed below are initial Authorised Offerors who have each been appointed by the Issuer and the Manager to offer and distribute the Bonds in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period:

	<p>City &amp; Continental Ltd Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX</p> <p>AJ Bell Securities Limited 4 Exchange Quay Salford Quays Manchester M5 3EE</p> <p>Arnold Stansby &amp; Co. Limited 30 Queen Street Manchester M2 5JJ</p> <p>Equiniti Financial Services Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA</p> <p>Hedley &amp; Company Stockbrokers Limited 19 Trident Park Blackburn BB1 3NU</p> <p>iDealing.com Limited Finsbury House 23 Finsbury Circus London EC2M 7EA</p> <p>Interactive Investor Services Limited Exchange Court Duncombe Street Leeds LS1 4AX</p> <p>Redmayne Bentley LLP 9 Bond Court Leeds LS1 2JZ</p>
	<p>The Issuer and, as applicable, the Charity have also granted consent to the use of this Prospectus by other relevant stockbrokers and financial intermediaries during the Offer Period on the basis of and so long as they comply with the conditions described in Section 11 (<i>“Important Legal Information – Public Offer of the Bonds – Authorised Offerors and Consent to use this Prospectus – Conditions to Consent”</i>). Neither the Issuer, the Charity nor the Manager has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.</p>
<p><b>Will a registered market-maker be appointed?</b></p>	<p>A registered market-maker through ORB will be appointed in respect of the Bonds from the date on which the Bonds are admitted to trading on the main market of the London Stock Exchange. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.</p>

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# 6

## TAXATION

**If you are considering applying for Bonds, it is important that you understand the taxation consequences of investing in the Bonds. You should read this section and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser before deciding whether to invest.**



# TAXATION

**Tax legislation, including in the country where you are domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that you receive from the Bonds.**

## **United Kingdom Taxation**

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HMRC practice (which may not be binding on HMRC) relating to certain aspects of United Kingdom taxation relating to the Bonds and is of a general nature and not intended to be exhaustive. References to "interest" refer to interest as that term is understood for United Kingdom tax purposes. Some aspects may not apply to certain classes of persons (such as dealers and persons connected with the Issuer), to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

References to "**Bondholders**" in this section entitled "*United Kingdom Taxation*" should be taken to include references to holders of CDIs. The statements below assume that the holders of CDIs are, for United Kingdom tax purposes, absolutely beneficially entitled to the Bonds and to any payments on the Bonds.

### **A. Interest on the Bonds**

#### *Payment of interest on the Bonds*

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds carry a right to interest and the Bonds are and continue to be "listed on a recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Bonds will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where a double tax treaty applicable to a Bondholder provides for a lower rate of withholding tax (or for no tax to be withheld), HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

## **B. United Kingdom Corporation Tax Payers**

In general, Bondholders which are within the charge to United Kingdom corporation tax (including, for non-United Kingdom resident Bondholders, where Bonds are acquired or held for the purposes of a trade carried on in the United Kingdom through a permanent establishment in the United Kingdom) will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their U.K. GAAP or IFRS accounting treatment.

## **C. Other United Kingdom Tax Payers**

### *Taxation of Interest*

Bondholders who are individuals (and certain trustees) and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

### *Taxation of Chargeable Gains*

A disposal of Bonds by an individual Bondholder who is resident in the United Kingdom, or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

### *Accrued Income Scheme*

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that Bondholder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

The Bonds may constitute variable-rate securities for the purposes of the accrued income scheme. Under the accrued income scheme on a disposal of Bonds by a Bondholder who is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable the Bondholder may be charged to income tax on an amount of income which is just and reasonable in the circumstances. The purchaser of such a Bond will not be entitled to any equivalent tax credit under the accrued income scheme to set against any actual interest received by the purchaser in respect of the Bonds (which may therefore be taxable in full).

### *Individual Savings Accounts*

The Bonds will be qualifying investments for the stocks and shares component of an account (an “ISA”) under the Individual Savings Account Regulations 1998 (the “ISA Regulations”) provided that: (i) at the time the Bonds are first held in the account, the Bonds are; and (ii) the Bonds remain, listed on the official list of a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Individual Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds, provided that the ISA otherwise satisfies the requirements for tax exemption in the ISA Regulations.

The current overall yearly subscription limit for an ISA (except for a “Junior” and “Lifetime” ISA) is £20,000 (which may be split between a cash ISA and a stocks and shares ISA in any proportion the saver chooses).

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

#### **D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer of the Bonds.

#### **E. US Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. A foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes under current law. Certain aspects of the application of FATCA and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

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# 7

## DESCRIPTION OF THE ISSUER

**This section sets out certain information about the Issuer.**

## DESCRIPTION OF THE ISSUER

### Incorporation and Status

The Issuer is a public limited company incorporated in England and Wales with registered number 8940313 on 14 March 2014 under the Companies Act 2006.

The registered address of the Issuer is Future Business Centre, King's Hedges Road, Cambridge CB4 2HY. The telephone number of its registered address is 01223 781200. The website of the Issuer is <https://rcb-bonds.com>. The Issuer has no subsidiaries.

### Principal Activities of the Issuer

The Issuer is a special purpose entity established by Allia Ltd, a UK charity and specialist in impact finance, for the purpose of issuing asset-backed securities. Its principal activities and corporate objects are limited to issuing debt securities and on-lending the proceeds thereof to exempt charities or registered charities in the UK and to do all such other things as are incidental or conducive thereto. The Issuer will not engage in any activities which are not related to the issue of bonds.

In order to perform such activities, the Issuer has entered into certain arrangements with third parties, including, in particular, in relation to loan servicing, cash management and corporate administration services (as to which investors should refer to "*Description of the Servicer*" below).

The Issuer was established as an issuing vehicle whose objects are described above. The Issuer is not itself a charity.

The Issuer is registered with the Financial Conduct Authority in accordance with the Money Laundering Regulations 2007.

### United Kingdom Directors

The directors of the Issuer and their other principal activities outside the Issuer are:

<b>Name</b>	<b>Other Principal Activities</b>
John Tattersall LVO	John Tattersall is Chairman of the boards of UK Asset Resolution (including Bradford & Bingley PLC and NRAM Limited), and a non-executive director on the board of UBS Business Solutions AG. He is also Chair of two charities, a trustee of three others, a non-stipendiary priest in the Church of England and an Honorary Canon of Christ Church Cathedral in Oxford.
Ian Coleman	Ian Coleman is currently a non-executive director or consultant to organisations in the banking, property, professional services, and health sectors. He consults on business strategy, financial management, corporate transactions and restructurings, and business valuations (including undertaking expert witness work). By background he is an international business leader having led the global development of PricewaterhouseCoopers' Valuation & Strategy practice for over eight years. Prior to joining PwC Ian worked as an investment manager at 3i, a venture capital firm.

<b>Name</b>	<b>Other Principal Activities</b>
Gordon D'Silva OBE	Prior to his recent retirement Gordon started up and led numerous social businesses. In a career spanning over 30 years he and his companies have been acknowledged by numerous innovation, Social Entrepreneur of the Year and Social Enterprise of the Year Awards. He is the recipient of an honorary doctorate and professorship in business and was voted one of the UK's top seven social entrepreneurs by the Guardian newspaper in 2008. In 2011 he was inaugurated with the Order of the British Empire for his contributions to social enterprise and was until recently UN Senior Advisor on Social Enterprise.
Tom Hackett	Tom Hackett is a member of the board of trustees of a number of UK charities and, prior to retirement, was Director General, Lending, at European Investment Bank.
Tim Jones	Tim Jones was Chief Executive of the Allia Group for 17 years from 2002 to 2019 and is now Chairman of City & Continental Ltd. He is also Chairman of Treatt plc and Chairman of TMJ Interiors. Tim is a Member of the Chartered Institute for Securities and Investments (MCSI) and an Associate of the Chartered Insurance Institute (ACII).
Philip Wright	Philip Wright is a director of Allia Limited and a non-executive director of EuroEyes Limited, a quoted Hong Kong company specialising in laser eye and lens surgery and operating in Germany, the People's Republic of China and Denmark.
Evita Zanuso	Evita Zanuso is Senior Director at Big Society Capital ("BSC") and leads on BSC's engagement with investors and financial institutions that wish to make social impact investments or include these products as part of their offering to customers. She is actively involved in the development of BSC's investment offering to external investors. Evita is a regular speaker at investor conferences that feature social impact investing including Good Money Week, Impact Summit Europe and FundForum International. She continues to contribute to a number of Government working groups related to "Growing a Culture of Social Impact Investing in the UK".

The business address of each of the directors is Future Business Centre, King's Hedges Road, Cambridge CB4 2HY.

The secretary of the Issuer is Briony Maritz. The business address of the secretary of the Issuer is Future Business Centre, King's Hedges Road, Cambridge CB4 2HY.

There are no potential conflicts of interest between any duties to the Issuer of the directors of the Issuer and their private interests and/or other duties except as described in the paragraph below.

Tim Jones is a director of the Manager and an advisor to Allia Ltd, and Philip Wright is a director of Allia Ltd. Allia Ltd is a shareholder in the Issuer (see below for details) and a majority shareholder in the Manager, which is the sole shareholder in the Servicer. Accordingly, to manage any conflicts of interest neither Tim Jones nor Philip Wright will vote as directors of the Issuer in relation to any matters that concern the Issuer's relationship with the Servicer. The directors of the Issuer do not receive any remuneration in respect of their role as directors of the Issuer.

The directors have delegated certain of their powers, authorities and discretions to the following committees:

- (i) a nomination committee which will consider the appointment of directors of the Issuer and make recommendations to the board;
- (ii) a review committee which will consider and recommend to the board, potential transactions that the Issuer may enter into;
- (iii) an audit committee which will consider matters in relation to any audit of the Issuer and the appointment of external auditors and make recommendations to the board.

No recourse under any obligation, covenant or agreement of the Issuer under the Bonds shall be made against any director or member of the Issuer as such, it being understood that the obligations of the Issuer under the Bonds are corporate obligations of the Issuer, and no personal liability shall attach to, or be incurred by, the directors or members of the Issuer as such, under or by reason of any such obligations, covenants and agreements of the Issuer.

### **Share Capital and Major Shareholders**

The entire issued share capital of the Issuer comprises 50,001 ordinary shares of £1 each, all of which are paid up to a total value of £12,501.

The entire issued share capital of the Issuer is held by:

- (i) RC Bond Holdings Limited, a private limited company incorporated in England and Wales whose registered address is at Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY and with company number 08936422, which holds 50,000 ordinary shares; and
- (ii) Allia Ltd, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014, whose registered address is at Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY and with registered number 28861R which holds one ordinary share designated as a special share (the "**Special Share**").

In respect of any resolution proposed in relation to any alteration in the articles of association of the Issuer (which includes any alteration to the corporate objects set out under "*Principal Activities of the Issuer*" above), the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Issuer.

### **Operations**

On 29 July 2014, the Issuer issued £11,000,000 4.375% Bonds due 2021, secured on a loan to Golden Lane Housing Ltd (a wholly owned subsidiary of the Royal Mencap Society). On 30 April 2015, the Issuer issued £27,000,000 4.4% Bonds due 2025, secured on a loan to Hightown Housing Association Limited (formerly known as Hightown Praetorian & Churches Housing Association Limited). On 12 April 2016, the Issuer issued £30,000,000 5.00% Bonds due 2026 (including Retained Bonds), secured on a loan to Charities Aid Foundation. On 30 March 2017, the Issuer issued £50,000,000 4.25% Bonds due 2026 (including Retained Bonds), secured on a loan to Greensleeves Homes Trust. On 6 July 2017, the Issuer issued £45,000,000 4.25% Bonds due 2026 (including Retained Bonds), secured on a loan to The Dolphin Square Charitable Foundation. On 31 October 2017, the Issuer issued £38,000,000 4% Bonds due 2027 (including Retained Bonds), secured on a loan to Hightown Housing Association Limited. On 23 November 2017, the Issuer issued £18,000,000 3.9% Bonds due 23 November 2027 (including Retained Bonds), secured on a loan to Golden Lane Housing Ltd (a wholly owned subsidiary of the Royal Mencap Society). On 20 June 2018, the Issuer issued £50,000,000 4.5% Bonds

due 20 June 2026 (including Retained Bonds), secured on a loan to Belong Limited. On 27 March 2020, the Issuer issued £18,000,000 5.00 per cent. Bonds due 27 March 2030 (including Retained Bonds), secured on a loan to The Alnwick Garden Trust. On 17 December 2020, the Issuer issued £25,000,000 5.00 per cent. Bonds due 17 December 2030 (including Retained Bonds), secured on a loan to Greensleeves Homes Trust.

There have been no material changes in the Issuer's borrowing and funding structure since 31 August 2020.

The Issuer's audited financial statements for the years ended 31 August 2019 and 31 August 2020 have been filed with the Financial Conduct Authority and are incorporated by reference in this Prospectus. See Section 12 (*"Documents Incorporated by Reference"*). Copies of the Issuer's financial statements can be viewed electronically and free of charge on the website of the Issuer (<https://rcb-bonds.com/documents>).

### **Sustainability Bond Framework**

The Issuer has put in place a sustainability bond framework (the **"Sustainability Bond Framework"**) to demonstrate its alignment with the International Capital Market Association's (**"ICMA"**) Social Bond Principles (SBP) and Green Bond Principles (GBP) (together the **"Principles"**). These Principles are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social, Green and Sustainable Bond markets by clarifying the approach for issuance of a Social, Green or Sustainable Bond.

In accordance with the Principles, the Sustainability Bond Framework has four core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

Under this Sustainability Bond Framework the Issuer may issue Social Bonds, Green Bonds or Sustainable Bonds.

A second-party opinion (**"SPO"**) on the Sustainability Bond Framework has been provided by Standard & Poor's Financial Services LLC. The SPO and the Sustainability Bond Framework are available on the website of the Issuer (<https://rcb-bonds.com/documents>).

The Issuer may, in the future, update the Sustainability Bond Framework. For the avoidance of doubt, the Sustainability Bond Framework and the SPO are not, nor shall they be deemed to be, incorporated in and/or part of this Prospectus.



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# 8

## DESCRIPTION OF THE SERVICER

**This section sets out information about the Servicer.**

## DESCRIPTION OF THE SERVICER

The Issuer has contracted with Allia Bond Services Limited (the “**Servicer**”), to provide certain services in relation to the Loan and the Bonds. These services include, in particular, liaising with the Charity (on the Issuer’s behalf) to ensure the Charity is aware of its obligations under the Loan Agreement to be dated the date of issue of the Bonds and administering correspondence received from the Charity. A summary of the duties of the Servicer is set out below. The Issuer cannot perform these functions itself because it does not have any employees and therefore contracts with the Servicer to perform them on its behalf. Investors should refer to Section 2 (“*Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds - The Issuer’s reliance on third parties*”) for further information.

The Servicer is a private limited company incorporated under the laws of England and Wales with company number 09033937 whose registered office is at Future Business Centre, King’s Hedges Road, Cambridge, United Kingdom, CB4 2HY. It is a wholly owned subsidiary of the Manager, which itself is a subsidiary of Allia Ltd, a charitable community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 (registered number 28861R).

### Duties of the Servicer

The duties that the Servicer has agreed to perform are set out in a Services Agreement entered into between the Issuer and the Servicer. These services include, among others:

- a) management of the Issuer’s bank accounts including effecting payments from and to the Series Charged Account (which includes payments of principal and interest due on the Bonds) and the unsecured Expense Reserve Account (as set out in more detail below);
- b) monitoring and recording all receipts of funds into the Issuer’s bank accounts;
- c) at a prudent time prior to any scheduled payment date for amounts due to the Issuer, liaising with the Charity to ensure it is aware of its payment obligations under the Loan Agreement and to confirm receipt of the relevant funds to the Issuer to the extent such funds are received on or before their due date;
- d) notifying the Issuer, the registrar, the agent and the Trustee of (i) any unpaid interest and/or (ii) any early repayment in respect of the Loan Agreement;
- e) to the extent the Servicer receives any correspondence from the Charity in accordance with the Loan Agreement (including any compliance certificate, notices of prepayment, annual statements of social impact and notices of the occurrence of an event of default under the Loan Agreement), forward such correspondence as soon as practicable upon receipt to the Issuer and, to the extent the Issuer is so required, to the Trustee on behalf of the Issuer (investors should note, however, that the Servicer has no obligation to take any enforcement action in relation to the loan, as to which see Section 2 (“*Risk Factors – Risks relating to the particular structure and nature of the Bonds – The Servicer is under no obligation to take enforcement action in relation to the Loan Agreement*”));
- f) publishing any information required to be delivered to the Issuer by the Charity pursuant to the terms of the Loan Agreement on the relevant section of the investor website of the Issuer;
- g) promptly giving notice in writing to the Issuer and the Trustee of the occurrence of any default under a Loan Agreement upon becoming aware thereof and serving loan default notices on the Charity; and

- h) certain additional corporate administration services ancillary to the Issuer's activities (including, for example, in relation to the audit and tax affairs of the Issuer and the management of external marketing communications on behalf of the Issuer).

### **Management of Issuer Accounts**

The Servicer has agreed to operate the bank accounts of the Issuer pursuant to the Services Agreement. The relevant bank accounts have been opened by National Westminster Bank plc (the "**Account Bank**"), a company registered in England with company number 00929027 whose registered office is at 135 Bishopsgate, London EC2M 3UR, pursuant to the terms of an Account Agreement dated 26 June 2014 between the Issuer, the Account Bank, the Servicer and the Trustee. The Services Agreement contains certain detailed provisions as to the amounts that can be paid into, and out of, the Issuer's bank accounts as summarised below:

### **Series Charged Account**

The Series Charged Account is secured in favour of the Trustee (pursuant to the trust deed dated 26 June 2014 as supplemented from time to time) and is specific to the Bonds. The Series Charged Account is the account into which the proceeds of the Bonds (before being paid to the Charity) and payments of interest and principal received by the Issuer from the Charity are credited. Following receipt from the Charity, payments of principal and interest due on the Bonds are, in turn, made from the Series Charged Account by the Servicer in accordance with the order of priorities set out in Condition 6 ("*Order of Payments*") in Appendix B ("*Terms and Conditions of the Bonds*"). Investors should refer to Section 2 ("*Risk Factors – Risks relating to the particular structure and nature of the Bonds – Investors in the Bonds will have limited recourse to the assets of the Issuer in the event that it fails to make any payments on the Bonds and, further, the rights of enforcement for investors are limited, including that there are restrictions on the ability of investors to petition for bankruptcy of the Issuer*").

### **Expense Reserve Account**

The Expense Reserve Account is not secured in favour of the Trustee (and neither the holders of the Bonds nor any other secured party has the benefit of it) and is a general reserve available to meet the general expenses of the Issuer. This account is funded by payments of arrangement fees by each relevant charity (such as the Charity) on each relevant issue date of bonds by the Issuer and on each interest payment date of each series of bonds (other than the last interest payment date) under each relevant loan agreement entered into between the Issuer and the relevant charity. Neither the holders of the Bonds nor any other secured party has any recourse to the balance standing to the credit of this account. The Services Agreement contains detailed provisions governing the amounts that may be paid out of this account by the Servicer, these include the following:

- a) fees and expenses in relation to a particular series of bonds that are payable on the issue date of such series;
- b) periodic expenses of the Issuer including, for example, trustee fees, agent fees and listing fees;
- c) an amount representing the Issuer's retained profit into the Issuer profit account;
- d) tax payable by the Issuer;
- e) companies registrar fees and expenses;
- f) amounts due in respect of certain professional services provided to the Issuer; and
- g) fees payable to the Servicer.

## **Remuneration**

The Servicer shall be paid a fee as agreed between it and the Issuer.

## **Resignation and removal of the Servicer**

The Servicer may resign at any time by giving at least 60 days' written notice to the Issuer.

The Servicer may be removed by the Issuer, giving reasons for such removal at any time forthwith by notice in writing from the Issuer if the Servicer:

- a) commits any material breach of the Services Agreement which is either incapable of remedy or has not been remedied within 30 days of the earlier of (i) the Issuer serving notice upon the Servicer requiring it to remedy the same; and (ii) the Servicer becoming aware of the breach;
- b) files a petition in bankruptcy or makes an assignment for the benefit of its creditors;
- c) is unable to pay or meet its debts as they fall due or suspend payment of its debts;
- d) consents to the appointment of an insolvency official or it enters an insolvency process; or
- e) ceases to carry on its business.

Any such resignation or removal shall only take effect upon the appointment by the Issuer of a successor Servicer, provided that (in the case of a resignation of the Servicer) if a successor is not appointed by the day falling 10 days prior to the expiry of any notice of resignation or (in the case of a removal of a Servicer) if a successor is not appointed by the day falling 60 days after the Issuer giving notice to remove the Servicer, the Servicer shall be entitled, on behalf of the Issuer, to appoint in its place a successor Servicer which is required to be a reputable institution of good standing.

Investors should refer to Section 2 ("*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds – The Issuer's reliance on third parties*") for further information.

## **Delegation**

The Servicer may not delegate to any third party the performance of all or any part of its obligations under the Services Agreement without the prior written consent of the Issuer. Subject to the Servicer's limitation of liability (see "*Limitation of liability of the Servicer*" below) the Servicer shall be liable to the Issuer for all matters so delegated and for the acts and omissions of any such third party or delegate.

## **Limitation of liability of the Servicer**

The Servicer acts as the Issuer's agent in performing the functions set out above. The Services Agreement therefore provides that the Servicer is not liable for any liabilities suffered by the Issuer arising out of the performance by the Servicer (and/or its directors, officers, employees or agents) of its responsibilities under the Services Agreement except for such losses and/or damages resulting from fraud, negligence, wilful default and/or bad faith on the part of the Servicer (and/or its directors, officers, employees or agents) in the performance of its responsibilities under the Services Agreement.

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# 9

## SUBSCRIPTION AND SALE

**This section sets out certain information with respect to the initial issue and distribution of the Bonds, including certain information with respect to the public offer of the Bonds.**

## SUBSCRIPTION AND SALE

Under the Subscription Agreement expected to be dated on or about 20 July 2021, the Manager is expected to agree to procure subscribers for the Bonds (other than any Retained Bonds) at the issue price of 100 per cent. of the nominal amount of the Bonds, less arrangement, management and applicable distribution fees. The Manager will receive fees of 0.50 per cent. of the nominal amount of the Bonds (other than any Retained Bonds). Authorised Offerors are also eligible to receive a distribution fee of up to 0.25 per cent. of the nominal amount of the Bonds (other than any Retained Bonds) allotted to them (payable out of the fee paid to the Manager). The Issuer will also reimburse the Manager in respect of certain of its expenses, and is expected to agree to indemnify the Manager against certain liabilities incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer. The issue of the Bonds will not be underwritten by the Manager, the authorised offerors or any other person.

The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

### **Selling Restrictions**

#### *United States*

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### *European Economic Area*

The Manager has represented and agreed that it has not made and will not make an offer of any Bonds to the public in any Member State of the European Economic Area.

For the purposes of this provision: the expression an “**offer of Bonds to the public**” in any Member State of the European Economic Area means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

#### *United Kingdom*

The Manager has represented and agreed that it has not made and will not make an offer of any Bonds to the public in the United Kingdom, except that it may, during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021 and on the basis of this Prospectus (which it has the Issuer’s consent to use for such purpose), make an offer of the Bonds to the public in the United Kingdom following the date of publication of this Prospectus.

For the purposes of this provision: the expression an “**offer of Bonds to the public**” in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

The Manager has also represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

### ***Jersey***

The Manager has represented and agreed that it complies, and will comply, with all applicable laws, orders and regulations in Jersey in connection with the offer of any Bonds and any advertising or promotion thereof including, without limitation, the Financial Services (Jersey) Law 1998 and the Financial Services (Advertising) (Jersey) Order 2008.

### ***Guernsey***

The Manager has represented and agreed that:

- (a) the Prospectus Rules 2018 issued by the Guernsey Financial Services Commission (“**GFSC**”) do not apply to this Prospectus and, accordingly, this Prospectus has not been, nor is required to be, submitted to or approved or authorised by the GFSC for circulation in Guernsey;
- (b) the Bonds cannot be promoted, marketed, offered or sold in or from within the Bailiwick of Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the “**POI Law**”), and the regulations enacted thereunder, or any exemption therefrom; and
- (c) this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
  - (i) by a person licensed to do so under the terms of the POI Law; or
  - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law 2002, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002, as amended, or the Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law 2000, as amended; and
  - (iii) the requirements set out in section 29(cc) of the POI Law in respect of (c)(ii) above have been complied with.

### ***Isle of Man***

The Manager has represented and agreed that the Bonds cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 (as amended) or in accordance with any relevant exclusion contained in the Isle of Man Regulated Activities Order 2011 (as amended) or in accordance with any relevant exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011 (as amended).

### ***General***

The Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes this Prospectus and/or any other offering material prepared in relation to the offering of the Bonds and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Trustee shall have any responsibility therefor.

None of the Issuer, the Trustee or the Manager represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



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# 10

## ADDITIONAL INFORMATION

**You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Prospectus.**

**These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details of the listing of the Bonds.**

## ADDITIONAL INFORMATION

### Authorisation

The issue of the Bonds has been duly authorised by a resolution of the board of directors of the Issuer dated 29 June 2021.

### Listing and admission to trading of the Bonds

It is expected that the Bonds will be admitted to the official list of the FCA and to trading on the London Stock Exchange's main market and admitted to ORB on or around 23 July 2021, subject only to the issue of the global bond. Application has been made to the FCA for the Bonds to be admitted to its official list and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's main market and admitted to the ORB.

### Use of Proceeds

The Bonds are intended to be Social Bonds (as defined in the ICMA's Social Bond Guidelines) in accordance with the Issuer's Sustainability Bond Framework (see also "*Description of the Issuer – Sustainability Bond Framework*").

The proceeds from the issue of the Bonds (including the proceeds of any Retained Bonds following a sale of such Retained Bonds to any third party from time to time) will be advanced by the Issuer to the Charity under the Loan Agreement to be dated the date of issue of the Bonds, to be applied by the Charity to further its charitable objects, including but not limited to the refinancing of a previous loan from the Issuer and the acquisition and/or adaptation of housing for people with one or more learning disabilities. The estimated proceeds, the amount of Retained Bonds (if any) to be purchased by the Issuer and the amount of the Loan to be advanced on the Issue Date will be published in the Issue Size Announcement.

### Expenses

The estimated total expenses of the Issuer in connection with the issue and offering of the Bonds will be published in the Issue Size Announcement.

### Indication of yield

The yield in respect of the issue of the Bonds is 3.25 per cent. per annum until 22 July 2031. The yield is calculated at the Issue Date on the basis of the Issue Price of 100 per cent., using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r} \left( 1 - (1 + r)^{-n} \right) + A(1 + r)^{-n}$$

where:

“P” is the Issue Price of the Bonds;

“C” is the annualised interest amount;

“A” is the principal amount of Bonds due on redemption;

“n” is time to maturity in years; and

“r” is the annualised yield.

### **Documents Available**

Copies of the following documents will, when published, be available for inspection from the website of the Issuer at <https://rcb-bonds.com/documents/>:

- (a) the constitutional documents of the Issuer;
- (b) the most recently published audited annual financial statements of the Issuer and the Charity together with any audit or review reports prepared in connection therewith;
- (c) the Issuance Facility Agreement dated 26 June 2014, the Master Trust Deed dated 26 June 2014 as supplemented from time to time, the Agency Agreement dated 26 June 2014 and the form of the Global Bond;
- (d) the Loan Agreement and any amendments thereto; and
- (e) this Prospectus and, if applicable, any supplements to this Prospectus.

### **Clearing Systems**

The Bonds will be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for the Bonds is XS2357539522 and the Common Code for the Bonds is 235753952.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Interests in the Bonds may also be held through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) through CDIs, representing the interests in the relevant Bonds underlying the CDIs. The current address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus. For more information on the CDI mechanism, refer to pages 4 and 5 of this Prospectus.

### **Material or Significant Change**

There has been no material adverse change in the financial position or prospects of the Issuer since 31 August 2020.

There has been no material adverse change in the prospects and no significant change in the financial performance or financial position of the Charity since 31 March 2021.

### **Litigation**

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer’s financial position or profitability.

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Charity is aware during the 12 months preceding the

date of this Prospectus which may have, or have had in the recent past, significant effects on the Charity's financial position or profitability.

### **Auditors**

The auditors of the Issuer are RSM UK Audit LLP, who have audited the Issuer's accounts (without qualification) in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) ("**UK GAAP**") for the years ended 31 August 2019 and 31 August 2020. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Charity are Crowe U.K. LLP, who have audited the Charity's accounts (without qualification) in accordance with UK GAAP for each of the three financial years ending on 31 March 2019, 31 March 2020 and 31 March 2021. The auditors of the Charity have no material interest in the Charity.

### **Issuance Facility**

The Issuer has entered into, amongst other documents, an Issuance Facility Agreement dated 26 June 2014 (the "**Issuance Facility Agreement**") and a Trust Deed dated 26 June 2014 (the "**Master Trust Deed**") as expected to be supplemented by a Supplemental Trust Deed to be dated the issue date of the Bonds (the "**Supplemental Trust Deed**"), pursuant to which it is able to issue bonds (such as the Bonds) from time to time and to on-lend the proceeds thereof to registered or exempt charities in the United Kingdom (such as the Charity) (the "**Issuance Facility**"). Accordingly, bonds of different series may be issued under the Master Trust Deed from time to time. The Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time in respect of the Bonds, is referred to in this Prospectus as the "**Trust Deed**".

Each series of bonds issued under the Issuance Facility will be attributed a Series number by the Issuer. The Series number attributed to the Bonds is 12.

### **Manager transacting with the Issuer and the Charity**

The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and/or the Charity and their respective affiliates in the ordinary course of business.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to the Bonds or the Loan Agreement.

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# 11

## IMPORTANT LEGAL INFORMATION

**This section sets out some important information relating to this Prospectus, including who takes responsibility for its preparation.**

# IMPORTANT LEGAL INFORMATION

## What is this document?

This document is a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") (the "UK Prospectus Regulation"). The UK Prospectus Regulation and associated legislation requires that issuers of bonds and other instruments must prepare a prospectus in certain circumstances. It also prescribes the type of information which such a prospectus must contain, depending on the nature of the issuer and of the bonds being issued.

## Responsibility for this Prospectus

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

In addition to the Issuer, the Charity accepts responsibility for the information contained in Section 1 ("Summary") (in so far as the information relates to the Charity only), Section 2 ("*Risk Factors - Factors that may affect the Charity's ability to fulfil its obligations under the Loan Agreement*"), Section 3 ("*Description of the Charity*"), Section 4 ("*Information about the Bonds*") (insofar as the information relates to the Charity only), the information relating to it under the headings "*Material or Significant Change*", "*Litigation*" and "*Auditors*" in Section 10 ("*Additional Information*") and the documents listed as items 3, 4 and 5 in Section 12 ("*Documents Incorporated by Reference*"). To the best of the knowledge of the Charity the information contained in these sections of the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

## No other person responsible

None of the Manager, the Charity (save as indicated above), the Servicer, the Trustee or any of the paying or transfer agents referred to in this Prospectus has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Manager, the Charity (save as indicated above), the Servicer, the paying or transfer agents or the Trustee as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Bonds. None of the Manager, the Charity (save as indicated above), the Servicer, the paying or transfer agents or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Bonds.

No person is or has been authorised by the Issuer, the Charity, the Servicer, the Trustee or the Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Charity, the Servicer, the Trustee or the Manager.

None of the Issuer, the Manager, the Servicer, the Trustee or any of the paying or transfer agents referred to in this Prospectus makes any representation as to the suitability of the Bonds to fulfil any "social" criteria required by any prospective investors. None of the Manager, the Servicer, the Trustee or of any of the paying or transfer agents referred to in this Prospectus have undertaken, or are responsible for, any assessment of the social projects associated with the Bonds, any verification of whether such projects may meet any such eligibility criteria or the monitoring of the use of proceeds by the Issuer or the Charity.

## No recommendation

Neither this Prospectus nor any other information supplied in connection with the Bonds (i) is intended to provide the sole basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Charity, the Trustee, the Servicer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the Bonds should subscribe for or purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Charity. Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Charity, the Trustee, the Servicer or the Manager to any person to subscribe for or to purchase any Bonds.

## PUBLIC OFFER OF THE BONDS

### Authorised Offerors

If, in the context of the Public Offer (as defined below), you are offered Bonds by any entity, you should check that such entity is authorised to use this Prospectus for the purposes of making such offer before agreeing to purchase any Bonds. To be authorised to use this Prospectus in connection with the Public Offer (referred to below as an “**Authorised Offeror**”), an entity must comply with the Conditions to Consent referred to below and either be:

- the Manager, AJ Bell Securities Limited, Arnold Stansby & Co. Limited, Equiniti Financial Services Limited, Hedley & Company Stockbrokers Limited, iDealing.com Limited, Interactive Investor Services Limited or Redmayne Bentley LLP ; or
- named on the Issuer’s website (<https://rcb-bonds.com/bonds/golden-lane-housing>) and identified as an Authorised Offeror in respect of the Public Offer; or
- authorised to make such offers under the Financial Services and Markets Act 2000, as amended, and have published on its website that it is using this Prospectus for the purposes of the Public Offer in accordance with the consent of the Issuer.

Other than as set out above, none of the Issuer, the Charity, the Servicer or the Manager has authorised the making of a Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of the Bonds.

### Conditions to Consent

Valid offers of Bonds may only be made by an Authorised Offeror in the context of the Public Offer in the United Kingdom and during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021 (referred to below as the “**Conditions to Consent**”).

If you are in any doubt about whether you can rely on this Prospectus and/or who is responsible for its contents, you should take legal advice.

Please see below for certain important legal information relating to the Public Offer.

### Offer Jurisdictions

This Prospectus has been prepared for the purposes of an offer of the Bonds in the following jurisdictions only:

- United Kingdom;

- Jersey;
- Guernsey; and
- Isle of Man.

The UK Prospectus Regulation requires that offers of Bonds can only be made to the public in the United Kingdom in circumstances where (i) the offer is made on the basis of an approved prospectus or (ii) the offer is made under an exemption from the requirement for an approved prospectus under the UK Prospectus Regulation. In this Prospectus, an offer of the type described in (i) is referred to as a “**Public Offer**”.

The Prospectus has been approved by the FCA as competent authority in the United Kingdom. Accordingly, this Prospectus may be used by Authorised Offerors (as described below) to make Public Offers of the Bonds in the United Kingdom during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021.

The UK Prospectus Regulation does not apply in Jersey, Guernsey and the Isle of Man. The section “*Authorised Offerors and Consent to use this Prospectus*” below is applicable only in the context of the UK Prospectus Regulation and thus applies only to Public Offers of Bonds in the United Kingdom. Nevertheless, as a separate matter, each Authorised Offeror is also authorised by the Issuer to use the Prospectus in connection with offers of the Bonds to the public in Jersey, Guernsey and the Isle of Man during the period from 1 July 2021 to 12.00 noon (London time) on 16 July 2021, or such other time and date as agreed between the Issuer and the Manager and announced via a regulatory information service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the “**Offer Period**”) and in accordance with the applicable securities laws and regulations of those jurisdictions.

Persons who are not Authorised Offerors are not authorised to use this Prospectus to make any offers of the Bonds in any jurisdiction. A potential investor in the Bonds should satisfy itself that the person purporting to make an offer of the Bonds to such potential investor is an Authorised Offeror.

Save as provided above, none of the Issuer, the Charity, the Servicer or the Manager has authorised, nor do they authorise, the making of any offer of Bonds in circumstances in which an obligation arises for the Issuer or any other person to publish or supplement a prospectus for such offer.

#### **Authorised Offerors and Consent to use this Prospectus**

The Issuer accepts responsibility for the content of this Prospectus with respect to the resale or final placement of the Bonds by any Authorised Offeror (as defined below), provided that the conditions attached to that consent are complied with by the Authorised Offeror (General and Specific Consent).

The Charity accepts responsibility for the content of this Prospectus with respect to the resale or final placement of the Bonds by any Authorised Offeror, provided that the conditions attached to that consent are complied with by the Authorised Offeror (General Consent only).

This Prospectus can only be used in connection with Public Offers of Bonds by persons to whom the Issuer and the Charity have given their consent (Specific Consent or General Consent) to use the Prospectus, in accordance with Article 5(1) of the UK Prospectus Regulation. Persons to whom the Issuer and, as applicable, the Charity have given such consent are referred to herein as the “**Authorised Offerors**”.

The Specific Consent and the General Consent are subject to the conditions described under “*Conditions to Consent*” below.



### *Specific Consent*

The Issuer consents (the “**Specific Consent**”) to the use of this Prospectus in connection with the Public Offer of Bonds in the United Kingdom during the Offer Period by:

- the Manager;
- AJ Bell Securities Limited, Arnold Stansby & Co. Limited, Equiniti Financial Services Limited, Hedley & Company Stockbrokers Limited, iDealing.com Limited, Interactive Investor Services Limited and Redmayne Bentley LLP; and
- any other financial intermediary appointed after the date of this Prospectus and whose name and address is published on the Issuer’s website (<https://rcb-bonds.com/bonds/golden-lane-housing>) and identified as an Authorised Offeror in respect of the Public Offer.

### *General Consent*

In addition to the specific consents given above, the Issuer and the Charity also consent (the “**General Consent**”) and hereby offer to grant their consent to the use of this Prospectus in connection with a Public Offer of the Bonds in the United Kingdom during the Offer Period by any financial intermediary which satisfies the following conditions:

- (1) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended (in which regard, potential investors should consult the Financial Services Register maintained by the Financial Conduct Authority at: <https://register.fca.org.uk>); and
- (2) it accepts the Issuer’s and the Charity’s offer to grant consent to the use of this Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*“We, [insert legal name of financial intermediary], refer to the offer of 3.25 per cent. Social Bonds due 22 July 2031 (the “**Bonds**”) described in the Prospectus dated 1 July 2021 (the “**Prospectus**”) published by Retail Charity Bonds PLC (the “**Issuer**”). In consideration of the Issuer and the Charity offering to grant their consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom (the “**Public Offer**”) during the Offer Period and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer and the Charity in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and confirm that we are using the Prospectus accordingly”.*

The “**Authorised Offeror Terms**”, being the terms to which the relevant financial intermediary agrees in connection with using the Prospectus, are set out below under “*Authorised Offeror Terms and Authorised Offeror Contract*”. Any financial intermediary wishing to use the Prospectus in connection with a Public Offer of the Bonds on the basis of the Issuer’s and the Charity’s General Consent pursuant to the foregoing provisions must read the Authorised Offeror Terms carefully. By publishing the statement at paragraph (2) above on its website, such financial intermediary will enter into a contract with the Issuer and the Charity on the terms of the Authorised Offeror Terms.

**Any financial intermediary who wishes to use this Prospectus in connection with a Public Offer of the Bonds on the basis of the Issuer’s and the Charity’s General Consent is required, for the duration of the Offer Period, to publish on its website the statement (duly completed) specified at paragraph (2) above.**

### *Conditions to Consent*

The conditions to the Issuer's Specific Consent and the Issuer's and the Charity's General Consent (in addition to the Conditions described above) are that such consent:

- (a) is only valid in respect of the Bonds;
- (b) is only valid during the Offer Period; and
- (c) only extends to the use of this Prospectus to make Public Offers of the Bonds in the United Kingdom.

### *Consent given in accordance with Article 5(1) of the UK Prospectus Regulation*

In the context of any Public Offer of Bonds, each of the Issuer and the Charity (in relation to the information indicated on pages 2 and 3 of this Prospectus only) accepts responsibility, in the United Kingdom, for the content of this Prospectus in relation to any person (an "**Investor**") who purchases any Bonds in a Public Offer made by an Authorised Offeror, where that offer is made during the Offer Period and provided that the conditions attached to the giving of the consent for the use of this Prospectus are complied with. Such consent and conditions are described above under "*Authorised Offerors and Consent to use this Prospectus*".

None of the Issuer, the Charity, the Servicer or the Manager has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Save as provided above, none of the Issuer, the Charity, the Servicer or the Manager has authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Public Offer of Bonds. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Charity, the Servicer or the Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Bonds by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Prospectus for the purposes of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

### *ARRANGEMENTS BETWEEN INVESTORS AND THE FINANCIAL INTERMEDIARIES WHO WILL DISTRIBUTE THE BONDS*

**IN THE EVENT OF ANY PUBLIC OFFER BEING MADE BY AN AUTHORISED OFFEROR, THE AUTHORISED OFFEROR WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE PUBLIC OFFER AT THE TIME THE PUBLIC OFFER IS MADE.**

#### **Authorised Offeror Terms and Authorised Offeror Contract**

*This section sets out the Authorised Offeror Terms in connection with the Issuer's and the Charity's General Consent for use of the Prospectus in connection with Public Offers of the Bonds as described under "Authorised Offerors and Consent to use this Prospectus" above. Any financial intermediary who intends to use the Prospectus on the basis of such General Consent must read this section carefully.*

The "**Authorised Offeror Terms**", being the terms to which the relevant financial intermediary agrees in connection with using this Prospectus, are that the relevant financial intermediary:

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the Charity and the Manager that it will, at all times in connection with the Public Offer:

- (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the United Kingdom Financial Conduct Authority (“**FCA**”) (including the guidance published by the FCA (or its predecessor, the Financial Services Authority) for distributors in “*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- (b) comply with the restrictions set out under Section 9 (“*Subscription and Sale*”) in this Prospectus which would apply as if it were a Manager and consider the relevant manufacturer’s target market assessment and distribution channels identified under the “UK MiFIR product governance” legend set out in this Prospectus;
- (c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000 and/or the Financial Services Act 2012;
- (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Bonds by the Investor), and will not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Manager and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Manager in order to enable the Issuer and/or the Manager to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the Issuer and/or the Manager;
- (g) ensure that no holder of Bonds or potential Investor in Bonds shall become an indirect or direct client of the Issuer or the Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (h) co-operate with the Issuer and the Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the Manager:
  - (i) in connection with any request or investigation by the FCA or any other regulator in relation to the Bonds, the Issuer or the Manager; and/or

- (ii) in connection with any complaints received by the Issuer and/or the Manager relating to the Issuer and/or the Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or
- (iii) which the Issuer or the Manager may reasonably require from time to time in relation to the Bonds and/or as to allow the Issuer or the Manager fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (i) during the period of the initial offering of the Bonds: (i) not sell the Bonds at any price other than the Issue Price (unless otherwise agreed with the Manager); (ii) not sell the Bonds otherwise than for settlement on the Issue Date; (iii) not appoint any sub-distributors (unless otherwise agreed with the Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Bonds (unless otherwise agreed with the Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the Manager;
  - (j) either (i) obtain from each potential Investor an executed application for the Bonds, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Bonds on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
  - (k) ensure that it does not, directly or indirectly, cause the Issuer or the Manager to breach any Rule or subject the Issuer or the Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
  - (l) comply with the conditions to the consent referred to under “*Conditions to Consent*” above;
  - (m) make available to each potential Investor in the Bonds this Prospectus (as supplemented as at the relevant time, if applicable), the KID and any information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Prospectus; and
  - (n) if it conveys or publishes any communication (other than this Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the Public Offer) in connection with the Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer, the Charity and the Manager accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Charity or the Manager (as applicable), use the legal or publicity names of the Issuer, the Charity or the Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Bonds on the basis set out in this Prospectus;
- (2) agrees and undertakes to indemnify each of the Issuer, the Charity and the Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements

associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Charity or the Manager; and

(3) agrees and accepts that:

- (a) the contract between the Issuer, the Charity and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's and the Charity's offer to use this Prospectus with its consent in connection with the Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (b) subject to (e) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer, the Charity and the financial intermediary submit to the exclusive jurisdiction of the English courts;
- (c) for the purposes of (3)(b) and (d), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
- (d) to the extent allowed by law, the Issuer, the Charity and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
- (e) the Charity, and the Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

## **PUBLIC OFFERS: ISSUE PRICE AND OFFER PRICE**

The Bonds will be issued by the Issuer at the Issue Price of 100 per cent. The Issue Price has been determined by the Issuer in consultation with the Manager. The offer price at which the Authorised Offerors will offer the Bonds to an Investor will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Bonds to such Investor. The Issuer is not party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Bonds to such Investor.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF BONDS GENERALLY**

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Charity, the Trustee, the Servicer and the Manager do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration

or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Charity, the Trustee, the Servicer or the Manager which is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction other than the United Kingdom, Jersey, Guernsey and the Isle of Man. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States, the United Kingdom, the EEA, Jersey, Guernsey and the Isle of Man – see Section 9 (“*Subscription and Sale*”) in this Prospectus.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account of, US persons (see Section 9 (“*Subscription and Sale*”) in this Prospectus).

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than

through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

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# 12

## **DOCUMENTS INCORPORATED BY REFERENCE**

**This section sets out certain documents that are incorporated in, and form part of, this Prospectus.**



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus shall be incorporated in, and form part of, this Prospectus:

1. The Issuer's audited financial statements for the year ended 31 August 2019 (including the audit report thereon) (available at: <https://retailcharitybonds.co.uk/wp-content/uploads/2019/12/Retail-Charity-Bonds-2019.pdf>).
2. The Issuer's audited financial statements for the year ended 31 August 2020 (including the audit report thereon) (available at: <https://rcb-bonds.com/wp-content/uploads/2020/12/Retail-Charity-Bonds-Plc.pdf>).
3. The Charity's audited financial statements for the year ended 31 March 2019 (including the audit report thereon) as set out on pages 19 to 41 (inclusive) of the Charity's annual report and financial statements for the year ended 31 March 2019 (available at: <https://rcb-bonds.com/wp-content/uploads/2021/06/Golden-Lane-Housing-Accounts-2019.pdf>).
4. The Charity's audited financial statements for the year ended 31 March 2020 (including the audit report thereon) as set out on pages 31 to 56 (inclusive) of the Charity's annual report and financial statements for the year ended 31 March 2020 (available at: <https://rcb-bonds.com/wp-content/uploads/2020/08/Golden-Lane-Housing-Accounts-2020.pdf>).
5. The Charity's audited financial statements for the year ended 31 March 2021 (including the audit report thereon) as set out on pages 36 to 62 (inclusive) of the Charity's annual report and financial statements for the year ended 31 March 2021 (available at: <https://rcb-bonds.com/wp-content/uploads/2021/06/Golden-Lane-Housing-Accounts-2021.pdf>).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

# A

## APPENDIX A

### DEFINED TERMS INDEX

**The following is an index that indicates the location in this Prospectus where certain capitalised terms have been defined.**

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All references in this Prospectus to “sterling” and “£” refer to the lawful currency of the United Kingdom. All references in this Prospectus to “Euro” and “€” are to the currency introduced at the start of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to the singular in this document shall include the plural and *vice versa*, where the context so requires. All references to time in this Prospectus are to London time. In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

# **B**

## **APPENDIX B**

### **TERMS AND CONDITIONS OF THE BONDS**

## TERMS AND CONDITIONS OF THE BONDS

*The following are the Terms and Conditions of the Bonds which will be incorporated by reference into each Global Bond (as defined below) and each certificate representing definitive Bonds, if issued.*

This Bond is one of a Series (as defined below) of Bonds issued by Retail Charity Bonds PLC (the “**Issuer**”) constituted by a Master Trust Deed dated 26 June 2014 (as modified and/or supplemented and/or restated from time to time, the “**Master Trust Deed**”) as supplemented by a Supplemental Trust Deed dated 22 July 2021 (the “**Supplemental Trust Deed**”), in each case made between the Issuer and Prudential Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as Trustee). The Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time in respect of the Bonds, is referred to in these Conditions as the “**Trust Deed**”.

References herein to the “**Bonds**” shall be references to the Bonds of this Series and shall mean:

- (a) for so long as such Bonds are represented by a global Bond (a “**Global Bond**”), units of each Specified Denomination in Sterling; and
- (b) such Global Bond.

The Bonds have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 26 June 2014 and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent (the “**Agent**”, which expression shall include any successor agent), The Bank of New York Mellon, London Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar and together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). The Agent, the Paying Agents, the Registrar and the Transfer Agents together are referred to in these Conditions as the “**Paying and Transfer Agents**”.

Any reference to “**Bondholders**” or “**holders**” in relation to any Bonds shall mean the persons in whose name the Bonds are registered and shall, in relation to any Bonds represented by a Global Bond, be construed as provided below. The Trustee acts for the benefit of the holders for the time being of the Bonds in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means a tranche of bonds issued by the Issuer and constituted by the Trust Deed (including any supplemental trust deed supplemental thereto) which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of bonds issued by the Issuer together with any further Tranche or Tranches of bonds issued by the Issuer which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective issue dates, interest commencement dates and/or issue prices.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the registered office of the Issuer, the principal office for the time being of the Trustee, being at 10 Fenchurch Avenue, London EC3M 5AG, and at the specified office of each of the Paying Agents, the Registrar and the other Transfer Agents or (ii) may be provided by email to a Bondholder following their prior written request to the Issuer, the Trustee, any Paying Agent, the Registrar or any other Transfer Agent and provision of proof of holding and identity (in a form satisfactory to the person of whom such request is made). The Bondholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail.

## 1. DEFINITIONS

In these Conditions:

“**Account Agreement**” means the account agreement dated 26 June 2014 and made between the Issuer, the Trustee, the Administration Services Provider, the Loan Management Servicer and the Account Bank;

“**Account Bank**” means National Westminster Bank plc as account bank pursuant to the Account Agreement or any successor account bank appointed thereunder;

“**Accrual Date**” has the meaning given to it in Condition 8.3;

“**Administration Services Provider**” means Allia Bond Services Limited pursuant to the Services Agreement or any successor administration services provider appointed thereunder;

“**Adjusted Rate of Interest**” has the meaning given to it in Condition 8.4;

“**Appointee**” means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Trustee under the Trust Deed;

“**Arrangement Fee**” has the meaning given to it in the Loan Agreement;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in London;

“**Charity**” means Golden Lane Housing Ltd;

“**Clearstream, Luxembourg**” has the meaning given to it in Condition 2;

“**Charged Assets**” has the meaning given to it in Condition 5;

“**Code**” has the meaning given to it in Condition 9.3;

“**Commitment Agreement**” means a commitment agreement entered into between, *inter alios*, the Issuer and the Charity for the purpose of confirming the terms upon which the Issuer will make the Loan available to the Charity;

“**Custodian**” means The Bank of New York Mellon, London Branch in its capacity as bond custodian in respect of the Retained Bonds (if any) (or any successor or replacement custodian thereto);

“**Custody Agreement**” means, if any Retained Bonds are issued, the custody agreement dated the Issue Date between the Issuer and the Custodian (or such other custody agreement entered into from time to time between the Issuer and the Custodian) in respect of the Retained Bonds (if any);

“**Day Count Fraction**” has the meaning given to it in Condition 8.3;

“**Deferred Principal**” has the meaning given to it in Condition 10.3;

“**Designated Account**” has the meaning given to it in Condition 9.2;

“**Designated Bank**” has the meaning given to it in Condition 9.2;

“**Event of Default**” has the meaning given to it in Condition 13.1;

“**Euroclear**” has the meaning given to it in Condition 2;

“**Exchange Event**” has the meaning given to it in Condition 2;

“**Expected Maturity Date**” has the meaning given to it in Condition 10.1;

“**Expense Reserve Account**” means the account of the Issuer established with the Account Bank for payment of expenses incurred by the Issuer in connection with, *inter alia*, the issue of the Bonds;

“**FA Selected Bond**” means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Bonds and of a comparable maturity to the remaining term of the Bonds;

“**Final Redemption Amount**” has the meaning given to it in Condition 10.1;

“**Financial Adviser**” means an independent financial adviser acting as an expert selected by the Issuer and approved in writing by the Trustee;

“**Gross Redemption Yield**” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 5, Section One: Price/Yield Formulae “Conventional Gilts/Double dated and Updated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve;

“**Interest Commencement Date**” means the Issue Date;

“**Interest Deferred Amount**” has the meaning given to it in Condition 8.5;

“**Interest Payment Date**” means 22 January and 22 July in each year commencing on 22 January 2022 up to (and including) the Expected Maturity Date or the Legal Maturity Date (as the case may be);

“**Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each subsequent period from (and including) an Interest Payment Date to (but excluding) the next successive Interest Payment Date;

“**Interest Residual Amount**” has the meaning given to it in Condition 8.5;

“**Issuance Facility**” means the facility established by the Issuer for the purposes of issuing bonds (such as the Bonds) under the Issuance Facility Agreement and Master Trust Deed and on-lending the proceeds thereof to charities (such as the Charity) from time to time;

“**Issuance Facility Agreement**” means the agreement relating to the Issuance Facility entered into between the Issuer and the dealers from time to time appointed in respect of the Issuance Facility, as amended and/or supplemented and/or restated from time to time;



**“Issuance Facility Amount”** means the maximum aggregate nominal amount of bonds which are permitted to be outstanding under the Master Trust Deed at any one time, which as at the Issue Date is £1,000,000,000 and which may be increased or decreased from time to time as provided in the Issuance Facility Agreement;

**“Issuance Facility Documents”** means (i) the Loan Agreement, (ii) any other loan agreements entered into in relation to any other bonds issued by the Issuer pursuant to the Master Trust Deed, (iii) the Master Trust Deed, (iv) the Supplemental Trust Deed, (v) any other supplemental trust deeds entered into in connection with the Master Trust Deed from time to time, (vi) the Agency Agreement, (vii) the Account Agreement, (viii) the Issuance Facility Agreement, (ix) the Services Agreement and (x) any Commitment Agreement;

**“Issue Date”** means 22 July 2021;

**“Legal Maturity Date”** has the meaning given to it in Condition 10.3;

**“Loan”** means the loan granted by the Issuer to the Charity on the terms of the Loan Agreement;

**“Loan Agreement”** means the Loan Agreement to be dated on or around the Issue Date and entered into between the Issuer and the Charity in connection with the Loan;

**“Loan Management Servicer”** means Allia Bond Services Limited pursuant to the Services Agreement or any successor loan management servicer appointed thereunder;

**“Optional Loan Prepayment Date”** has the meaning given to it in Condition 10.2;

**“Origination Manager”** means City & Continental Ltd pursuant to the Services Agreement or any successor origination manager appointed thereunder;

**“Payment Day”** has the meaning given to it in Condition 9.5;

**“Post-Enforcement Priority of Payment”** has the meaning given to it in Condition 6.2;

**“Pre-Enforcement Priority of Payment”** has the meaning given to it in Condition 6.1;

**“Rate of Interest”** has the meaning given to it in Condition 8.1;

**“Reference Date”** will be set out in the relevant notice of redemption pursuant to Condition 10.2;

**“Register”** has the meaning given to it in Condition 2;

**“Relevant Date”** has the meaning given to it in Condition 12;

**“Retained Bonds”** means the Bonds purchased by the Issuer on the Issue Date and held pursuant to the Custody Agreement (if any);

**“Secured Parties”** means the Trustee (for itself and the Bondholders), (if any Retained Bonds are issued) the Custodian, the Paying and Transfer Agents, the Administration Services Provider and the Loan Management Servicer;

**“Security”** has the meaning given to it in Condition 5;

**“Services Agreement”** means the services agreement entered into between the Issuer, the Origination Manager, the Administration Services Provider and the Loan Management Servicer dated 26 June 2014, as amended and/or supplemented and/or restated from time to time;

“**Specified Denomination**” has the meaning given to it in Condition 2;

“**Series Charged Account**” means the account of the Issuer established with the Account Bank, into which the Issuer shall deposit all payments of principal and interest received by it pursuant to the Loan Agreement prior to payment in accordance with Condition 6;

“**Sterling Make-Whole Redemption Amount**” has the meaning given to it in Condition 10.2;

“**Taxes**” has the meaning given to it in Condition 11; and

“**unpaid principal**” has the meaning given to it in Condition 10.3.

## 2. **FORM, DENOMINATION AND TITLE**

The Bonds are in registered form without coupons attached in Sterling and in denominations of £100 each (the “**Specified Denomination**”).

The Bonds will be issued outside the US in reliance on the exemption from registration provided by Regulation S under the Securities Act (“**Regulation S**”).

The Bonds will initially be represented by a global bond in registered form (a “**Global Bond**”). The Global Bond will be deposited with and registered in the name of a common nominee of, a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”).

Payments of principal, interest and any other amount in respect of the Global Bond will be made to or to the order of the person shown on the Register (as defined in this Condition 2 as the registered holder of the Global Bond). None of the Issuer, any Paying Agent, the Servicer, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Bond or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Interests in the Global Bond will be exchangeable (free of charge), in whole but not in part, for definitive bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the Global Bond in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Bondholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Bond) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in part (iii) of the definition of “**Exchange Event**” above, the Issuer may also give notice to the Registrar requesting the exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In the event that the Global Bond is required, in accordance with its terms, to be exchanged for definitive Bonds, such amendments shall be made to these Conditions, the Trust Deed and the Agency Agreement to reflect the exchange into definitive form as the Trustee may approve or require.

Subject as set out below, title to the Bonds will pass upon registration of transfers in the register of holders maintained by the Registrar (the “**Register**”) in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and the Paying and Transfer Agents will (except as otherwise required by law) deem and treat the registered holder of any Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Bonds is represented by the Global Bond held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Paying and Transfer Agents as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the registered holder of the Global Bond shall be treated by the Issuer, Trustee and any Paying and Transfer Agent as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the Global Bond and the expressions “**Bondholder**” and “**holder of Bonds**” and related expressions shall be construed accordingly.

Bonds which are represented by the Global Bond will be transferable only in book-entry form in Euroclear and Clearstream, Luxembourg in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system in which the Bonds may be cleared from time to time and approved by the Issuer, the Agent and the Trustee.

In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

The Retained Bonds (if any) will be purchased by and held by or for the account of the Issuer following issue and may be sold or otherwise disposed of in whole or in part by private treaty at any time, and shall cease to be Retained Bonds to the extent of and upon such sale or disposal.

Any Retained Bonds shall, pending sale or disposal by the Issuer, carry the same rights and be subject in all respects to the same Conditions as the other Bonds, except that such Retained Bonds will not be treated as outstanding for the purposes of determining quorum or voting at meetings of Bondholders or of considering the interests of the Bondholders save as otherwise provided in the Trust Deed. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same Conditions as the other Bonds.

### **3. TRANSFERS OF BONDS**

#### **3.1 Transfers of interests in the Global Bond**

Transfers of beneficial interests in the Global Bond will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. Bonds, including beneficial book-entry interests in the Global Bond, will, subject to compliance with all applicable legal and regulatory restrictions, be transferable only in whole multiples of the Specified

Denomination and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

### 3.2 Costs of registration

Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer of Bonds acquired by them, with two exceptions. These exceptions are:

1. any costs or expenses of delivery other than by regular uninsured mail; and
2. that the Issuer or the Paying or Transfer Agents may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that is imposed in relation to the registration.

### 4. STATUS OF THE BONDS

The Bonds are direct, unsubordinated limited recourse obligations of the Issuer, are secured in the manner set out in Condition 5, and rank *pari passu* among themselves.

### 5. SECURITY

The Issuer's obligations in respect of the Bonds are secured (subject as provided in these Conditions and the Master Trust Deed) pursuant to the Trust Deed in favour of the Trustee for the benefit of itself and the Bondholders and the other Secured Parties as follows:

- (a) by an assignment by way of security of the Issuer's rights, title and interest, present and future, arising under the Loan Agreement and the Commitment Agreement;
- (b) by a charge by way of first fixed charge over all the Issuer's rights, title and interest, present and future, in and to all sums of money standing to the credit of the Series Charged Account, together with all interest accruing from time to time thereon (if any) and the debts represented thereby;
- (c) by an assignment by way of security of the Issuer's rights, title and interest, present and future, arising under the Agency Agreement, the Account Agreement (excluding so far as it relates to the Expense Reserve Account or the Issuer Profit Account) and the Services Agreement, in each case to the extent it relates to the Bonds; and
- (d) by a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

The property charged and assigned pursuant to the Trust Deed listed in paragraphs (a) to (d) above, together with any other property or assets held by and/or assigned to the Trustee and/or any deed or document supplemental thereto, in each case to the extent that they relate to the Bonds, is referred to herein as the "**Charged Assets**" and the security created thereby, the "**Security**".

The Security shall become enforceable upon (i) the Bonds becoming due and repayable pursuant to Condition 13.1 or (ii) subject to Condition 10.3, any failure for any reason of the Issuer to repay the Bonds when due.

## 6. ORDER OF PAYMENTS

### 6.1 Pre-Enforcement

Prior to the enforcement of the Security, the Issuer shall apply the monies standing to the credit of the Series Charged Account, on each Interest Payment Date up to, and including, the Expected Maturity Date (and, if the Bonds are not redeemed in full on the Expected Maturity Date, each Interest Payment Date up to, and including, the Legal Maturity Date) and such other dates on which payment is due in respect of the Bonds in the following order of priority (the “**Pre-Enforcement Priority of Payment**”):

- (a) first, in payment or satisfaction of any amounts of Arrangement Fee due and payable to the Issuer to the extent that such amounts have not been paid by the Charity under the Loan Agreement;
- (b) secondly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (c) thirdly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal and any other amounts due and payable in respect of the Bonds; and
- (d) fourthly, any excess to be deposited in the Expense Reserve Account.

### 6.2 Post-Enforcement

Following the enforcement of the Security, the net proceeds of enforcement of the Security shall be applied in the following order of priority (the “**Post-Enforcement Priority of Payment**”):

- (a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities due to the Trustee, any Appointee or any receiver under the Master Trust Deed (including the costs of realising any Security and the Trustee’s and such receiver’s remuneration), together with (if payable) any amount in respect of VAT payable thereon as provided for therein, insofar as they relate to the enforcement of the provisions of the Bonds and/or the related Loan;
- (b) secondly, in payment of any unpaid fees, costs, charges, expenses and liabilities due to (i) the Paying and Transfer Agents and/or (ii) the Custodian (if applicable) (together with (if payable) any amount in respect of VAT payable thereon as provided for in the Agency Agreement) insofar as they relate to the Bonds and/or the Retained Bonds, as applicable, and such unpaid fees, costs, charges, expenses and liabilities are not otherwise paid out of the Expense Reserve Account;
- (c) thirdly, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Loan Management Servicer or the Administration Services Provider (together with (if payable) any amount in respect of VAT payable thereon as provided for in the Services Agreement) insofar as they relate to the enforcement of the provisions of the Bonds and/or the related Loan;
- (d) fourthly, in payment of an amount equal to any amounts in respect of Arrangement Fee which are due but unpaid by the Charity under the Loan Agreement to be credited to the Expense Reserve Account, provided however that if some or all of such Arrangement Fees are subsequently paid by the Charity then such amounts shall be applied in accordance with paragraphs (e) to (g) below rather than being deposited into the Expense Reserve Account;
- (e) fifthly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

- (f) sixthly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal and any other amounts due and payable in respect of the Bonds; and
- (g) seventhly, any excess to be deposited in the Expense Reserve Account.

## 7. COVENANTS

So long as any of the Bonds remain outstanding, the Issuer covenants that it will not, without the consent of the Trustee:

- (a) engage in any activity or do anything other than: issue bonds under the Issuance Facility, subject always to the Issuance Facility Amount prevailing from time to time; on-lend the proceeds of the issue of such bonds to charities; perform its obligations under the Issuance Facility Documents; and perform any act incidental to or necessary in connection with the aforesaid at all times in accordance with its constitutional documents;
- (b) have any employees or subsidiary companies, act as director of any other entity, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entirety to any person (save as provided in the Master Trust Deed), give any guarantee or indemnity or create or permit to subsist, over any of the security constituted by or created pursuant to the Trust Deed, any mortgage or charge or any other security interest over its assets other than pursuant to the Master Trust Deed or any Supplemental Trust Deed;
- (c) pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (d) apply to become part of any group for the purposes of section 43 to 43D of the VAT Act 1994 with any other company or group of companies, or for the purposes of any act, regulation, order, statutory instrument or directive which, from time to time, may re-enact, replace, amend, vary, codify, consolidate or repeal the VAT Act 1994, unless required to do so by law;
- (e) take any action which would lead to the dissolution, liquidation or winding-up of itself (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or to the amendment of its constitutional documents or to the impairment of the rank, validity and effectiveness of any security created pursuant to the Master Trust Deed; or
- (f) prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Securitisation Regulations.

## 8. INTEREST

### 8.1 Rate of Interest

Each Bond bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at a rate of 3.25 per cent. per annum (the “**Rate of Interest**”). Interest will be payable semi-annually in arrear on each Interest Payment Date and the amount of interest payable in respect of the Bonds on each Interest Payment Date up to (and including) the Expected Maturity Date will be £1.625 per Bond of Specified Denomination.

### 8.2 Accrual of interest

Interest shall cease to accrue on each Bond from the due date for its redemption unless payment of principal on such Bond is improperly withheld or refused. In such event, interest will continue to accrue at the Rate of Interest as provided in the Trust Deed.

### **8.3 Calculation of broken interest amounts**

If interest is required to be paid in respect of any accrual period which is less than a full Interest Period, the amount of interest payable in respect of such accrual period shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Bonds represented by the Global Bond, multiplying such sum by the Day Count Fraction and rounding the resultant figure to the nearest one penny, half of a penny being rounded upwards.

“**Day Count Fraction**” means the actual number of days in the period from (and including) the date from which interest begins to accrue (the “**Accrual Date**”) to (but excluding) the date on which it falls due divided by twice the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date.

### **8.4 Adjustment of Rate of Interest**

If payment of principal is deferred in accordance with Condition 10.3, the Rate of Interest will be increased by an additional 1.00 per cent. per annum (such Rate of Interest as increased pursuant to this Condition 8.4 the “**Adjusted Rate of Interest**”) from, and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date. The Issuer shall give notice of such increase to the Bondholders in accordance with Condition 16.

### **8.5 Deferral of interest in respect of withholding tax**

To the extent that the Charity is required to pay interest to the Issuer under the Loan Agreement subject to a deduction or withholding for or on account of any tax and, as a result of such deduction or withholding, the amount standing to the credit of the Series Charged Account as being available to the Issuer on an Interest Payment Date after deducting the amounts referred to in paragraph (a) of the Pre-Enforcement Priority of Payment (such amount being the “**Interest Residual Amount**”) is insufficient to satisfy in full the aggregate amount of interest which is due in respect of the Bonds on such Interest Payment Date (including amounts which have previously been deferred under this Condition 8.5), there shall instead be due and payable on such Interest Payment Date by way of interest on the Bonds the Interest Residual Amount.

Any shortfall equal to the amount by which the aggregate amount of interest paid on the Bonds on any Interest Payment Date in accordance with this Condition 8.5 falls short of the aggregate amount of interest which is due in respect of the Bonds on such Interest Payment Date (an “**Interest Deferred Amount**”) shall become due and payable on the next following Interest Payment Date, subject to this Condition 8.5. This Condition 8.5 shall cease to apply on the earlier of (i) the Legal Maturity Date; (ii) the date on which the Bonds are redeemed and (iii) the date on which the Issuer is wound up, at which time all Interest Deferred Amounts shall become due and payable. To the extent that the Issuer is or may be entitled to a refund of tax so deducted or withheld, it must use reasonable endeavours to obtain such refund.

For the avoidance of doubt this Condition 8.5 shall not apply to any shortfall or insufficiency in the amounts available to satisfy in full the aggregate amount of interest which is due in respect of the Bonds other than arising as a result of a withholding or deduction for or on account of tax in respect of amounts due from the Charity to the Issuer under the Loan Agreement.

## **9. PAYMENTS**

### **9.1 Method of payment**

Subject as provided below, payments will be made by credit or transfer to a Sterling account maintained by the payee with a bank in London or by cheque in Sterling drawn on a bank in London.

## 9.2 Payments in respect of the Global Bond

Payments of principal in respect of each Bond represented by the Global Bond will (subject as provided below) be made against presentation and surrender of the Global Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Global Bond appearing in the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account maintained by a holder with a Designated Bank and identified as such in the Register, and “**Designated Bank**” means a bank in London.

Payments of interest in respect of each Bond represented by the Global Bond will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Global Bond appearing in the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.

## 9.3 Payments subject to Fiscal and Other Laws

Payments on the Bonds will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental agreement in relation thereto.

## 9.4 General provisions applicable to payments

The holder of the Global Bond shall be the only person entitled to receive payments in respect of Bonds represented by the Global Bond and payment by or on behalf of the Issuer to, or to the order of, such holder of the Global Bond will discharge the Issuer’s obligations in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Bonds represented by the Global Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by or on behalf of the Issuer to, or to the order of, the holder of such Global Bond.

None of the Issuer, the Trustee, the Origination Manager, the Loan Management Servicer, the Administration Services Provider or the Paying or Transfer Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## 9.5 Payment Day

If the date for payment of any amount in respect of any Bond is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, “**Payment Day**” means any day which (subject to Condition 12) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.



## 9.6 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Bonds;
- (b) the Sterling Make-Whole Redemption Amount of the Bonds; and
- (c) any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Bonds.

## 10. REDEMPTION AND PURCHASE

### 10.1 Redemption at maturity

Subject to Condition 10.3, unless previously redeemed or purchased and cancelled as specified below, each Bond will be redeemed on 22 July 2031 (the “**Expected Maturity Date**”) in Sterling by the Issuer at their principal amount outstanding (the “**Final Redemption Amount**”) together with accrued but unpaid interest to (but excluding) the Expected Maturity Date.

No payments of principal under the Bonds shall be made prior to the Expected Maturity Date except on an early redemption of the Bonds in accordance with Condition 10.2 or upon the Bonds becoming due and payable in accordance with Condition 13.

### 10.2 Redemption following prepayment of the Loan at the option of the Charity

If, in accordance with the Loan Agreement, the Charity elects to prepay the Loan as and when permitted to do so at a time prior to the repayment date specified in the Loan Agreement, then the Issuer will redeem all, but not some only, of the Bonds on the date which is two Business Days after the Optional Loan Prepayment Date and, for the avoidance of doubt, all Retained Bonds (if any) shall be cancelled.

In these Conditions, “**Optional Loan Prepayment Date**” means any date on which the Charity prepays the Loan under the Loan Agreement.

Each Bond redeemed pursuant to this Condition 10.2 will be redeemed in Sterling by the Issuer at the Sterling Make-Whole Redemption Amount.

In these Conditions “**Sterling Make-Whole Redemption Amount**” means an amount which is equal to the higher of (i) 100 per cent. of the outstanding principal amount of the Bonds to be redeemed and (ii) the outstanding principal amount of the Bonds to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Financial Adviser, at which the Gross Redemption Yield on such Bonds on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 11.00 a.m. on the Reference Date of the FA Selected Bond, plus 0.50 per cent., all as determined by the Financial Adviser plus, in each case, any accrued interest on the Bonds to, but excluding, the Optional Loan Prepayment Date.

The Issuer will give not less than 15 nor more than 30 days’ notice to the Trustee and the Agent and, in accordance with Condition 16, the Bondholders (which notice shall be irrevocable), prior to the date of redemption of the Bonds pursuant to this Condition 10.2.

### **10.3 Deferral of principal**

In the event that the Charity elects not to pay in full the amount of principal otherwise due on the Loan on the Expected Maturity Date in accordance with the terms of the Loan Agreement (the “**unpaid principal**”), the total principal amount otherwise due and payable on each Bond that is referable to the unpaid principal under the Loan (as calculated by a Financial Adviser) shall be deemed not to be due and payable on the Expected Maturity Date and such amount shall instead be deferred in accordance with this Condition 10.3 (the “**Deferred Principal**”).

Amounts in respect of Deferred Principal shall become due and payable on 22 July 2033 (the “**Legal Maturity Date**”). Interest shall continue to accrue on Deferred Principal in accordance with Condition 8 until the date on which such Deferred Principal is paid.

Notice of the application of this Condition 10.3 (including the amount of any unpaid principal and the subsequent receipt of any unpaid principal) shall be given by the Issuer to the Trustee, the Registrar, the Paying Agents, any stock exchange on which the Bonds are for the time being listed and, in accordance with Condition 16, the Bondholders, as promptly as practicable in the circumstances.

### **10.4 Purchases**

The Issuer may not at any time purchase Bonds other than Retained Bonds (if any).

The Charity may at any time purchase Bonds in the open market or otherwise at any price, provided that, following any such purchase, the Charity shall surrender the Bonds to or to the order of the Issuer for cancellation. A principal amount equal to the principal amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement (but, for the avoidance of doubt, without triggering a redemption under Condition 10.2).

If the Charity purchases any Bonds pursuant to this Condition 10.4, the Issuer shall cancel all Retained Bonds (if any).

### **10.5 Cancellation**

All Bonds which are redeemed, or purchased by the Charity and surrendered for cancellation, will forthwith be cancelled. All Bonds so cancelled shall be forwarded to the Agent and cannot be reissued or resold.

The Issuer may cancel any Retained Bonds held by it or on its behalf at any time following a request by the Charity, pursuant to the Loan Agreement, to cancel a corresponding amount of the undrawn portion of the Commitment (as defined in the Loan Agreement).

## **11. TAXATION**

All payments in respect of the Bonds by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent shall be obliged to make any additional payments to Bondholders in respect of such withholding or deduction.

## 12. PRESCRIPTION

Claims in respect of principal and interest in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date therefor.

For these purposes, the “**Relevant Date**” means a day on which such payment first becomes due, except that, if the full amount of the moneys payable has not been received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to Bondholders in accordance with Condition 16.

## 13. EVENTS OF DEFAULT AND ENFORCEMENT

### 13.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Bonds then outstanding (excluding the Retained Bonds (if any)) or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its absolute satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) and (d) to (f) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice in writing to the Issuer that each Bond is, and each Bond shall thereupon immediately become, due and repayable at the Final Redemption Amount together with accrued but unpaid interest as provided in the Trust Deed (and the Security shall thereupon become enforceable) if any of the following events (each an “**Event of Default**”) shall occur:

- (a) if default is made (subject as provided in Condition 10.3) in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of six days in the case of principal and five days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed, insofar as they relate to the Bonds, and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (d) if the Issuer ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer stops payment of, or is unable to pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (e) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking

or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days;

- (f) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (g) if (subject as provided in Condition 10.3) a default under the Loan Agreement is not remedied within 30 days of the occurrence thereof.

### **13.2 Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action or steps (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Bonds and/or (to the extent that they relate to the Bonds or otherwise) any of the other Issuance Facility Documents and at any time after the Security becomes enforceable the Trustee may take the action specified in the Trust Deed to enforce the same, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Bonds then outstanding (excluding the Retained Bonds (if any)) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Bondholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Bonds and/or (to the extent that they relate to the Bonds) the Issuance Facility Documents or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Trustee, having become bound so to take such action, steps or proceedings, (a) fails so to do within a reasonable period or (b) is unable for any reason so to do and the failure or inability shall be continuing.

### **13.3 Limited Recourse**

Notwithstanding any other Condition or any provision of any Issuance Facility Document, all obligations of the Issuer to the Bondholders are limited in recourse to the Charged Assets. If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Trust Deed; and

- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Trust Deed, amounts outstanding under the Bonds (including payments of principal, premium and interest),

then the Bondholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium and/or interest in respect of the Bonds) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

In addition, none of the Bondholders or the other Secured Parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Bonds, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and provided that the Trustee may enforce the Security and appoint an administrative or other receiver in accordance with the provisions of the Trust Deed.

#### **14. REPLACEMENT OF BONDS**

Should any Bond be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer or the Registrar may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

#### **15. PAYING AND TRANSFER AGENTS**

The names of the initial Paying and Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent or Transfer Agent and/or appoint additional or other Paying Agents and/or Transfer Agents and/or approve any change in the specified office through which any Paying Agent or Transfer Agent acts, provided that:

- (a) there will at all times be an Agent and a Registrar; and
- (b) so long as the Bonds are listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Bondholders promptly by the Issuer in accordance with Condition 16.

In acting under the Agency Agreement, the Paying and Transfer Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders. The Agency Agreement contains provisions permitting any entity into which any Paying and Transfer Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying and/or, as the case may be, transfer agent.

## **16. NOTICES**

For so long as all the Bonds are represented by the Global Bond and such Global Bond is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, all notices regarding the Bonds will be deemed to be validly given if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Bonds and, in addition, for so long as any Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Bonds on the first Business Day following the day on which it is so delivered to Euroclear and/or Clearstream, Luxembourg.

## **17. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### **17.1 Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Bondholders holding not less than five per cent. in nominal amount of the Bonds for the time being remaining outstanding (excluding the Retained Bonds (if any)). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds (if any)), or at any adjourned meeting one or more persons being or representing Bondholders whatever the nominal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds or the Trust Deed (including modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds (if any)), or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds (if any)). The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-quarters in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds (if any)) or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-quarters in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds (if any)), shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders shall be binding on all the Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

### **17.2 Modification and Waiver**

The Trustee may agree, without the consent of the Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, the Trust Deed or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the

opinion of the Trustee, is proven. Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 16 as soon as practicable thereafter.

### **17.3 Trustee to have regard to interests of Bondholders as a class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

### **18. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Bondholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstances by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### **19. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue:

- (a) further Bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon, secured on the same assets (and any further loan that pursuant to which the proceeds of issue of such Bonds are lent to the Charity) and so that the same shall be consolidated and form a single Series with the outstanding Bonds; and/or
- (b) other bonds pursuant to the Issuance Facility on such terms and conditions as the Issuer may elect, subject to the terms of the Issuance Facility Agreements and provided that such other bonds are not secured upon the Charged Assets.

**20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**21. GOVERNING LAW**

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Bonds are governed by, and shall be construed in accordance with, English law.



# C

## **APPENDIX C**

### **FORM OF THE BONDS**

**This following section sets out the legal form in which the Bonds will be issued, including that the legal title to the Bonds is expected to be held by a common depository on behalf of certain clearing systems and that investors will trade beneficial interests in the Bonds electronically in certain clearing systems.**

# FORM OF THE BONDS

## General

Pursuant to the Agency Agreement (as defined in Appendix B (“*Terms and Conditions of the Bonds*”)), the Agent shall arrange that, where a further Tranche of Bonds is issued which is intended to form a single Series with the Bonds at a point after the Issue Date of the further Tranche, the Bonds of such further Tranche shall be assigned a common code and ISIN which is different from the common code and ISIN assigned to the Bonds until such time as such Tranche is consolidated with the Bonds to form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer, the Agent, the Registrar and the Trustee for the purposes of clearing the Bonds.

No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## CREST depository interests

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

# D

## APPENDIX D

### LOAN AGREEMENT

**The Issuer and the Charity will enter into a Loan Agreement substantially in the form set out below for the purpose of recording the Loan by the Issuer to the Charity of the proceeds of issue of the Bonds and the repayment of principal and payment of interest by the Charity in respect of such Loan.**

# LOAN AGREEMENT

**THIS AGREEMENT** is dated 22 July 2021 and is made

**BETWEEN:**

- (1) **GOLDEN LANE HOUSING LTD**, a charitable company limited by guarantee incorporated and domiciled in England and Wales, with company registration number 03597323 and charity registration number 1071097, and a registered provider of social housing registered with the Regulator of Social Housing, with Registered Social Landlord Number 4803, whose registered office is at 123 Golden Lane, London EC1Y 0RT (the “**Charity**”); and
- (2) **RETAIL CHARITY BONDS PLC**, as lender, a public limited company incorporated under the laws of England and Wales with company number 08940313, whose registered office is at Future Business Centre, King’s Hedges Road, Cambridge CB4 2HY (the “**Lender**”).

**IT IS AGREED** as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement:

“**Accounting Standards**” means UK GAAP and SORP or any other accounting principles adopted by the Charity from time to time;

“**Adjusted Rate of Interest**” has the meaning given to that term in Condition 8.4;

“**Arrangement Fee**” means the sum of the following, without double counting:

- (a) an amount per annum equal to 0.1% of the total Outstanding Balance on the Issue Date, or, if there have been any Retained Advances, on the most recent Retained Advance Date (as may be adjusted by the Lender in accordance with Clause 3.1(b)); and
- (b) the fees, costs, charges, expenses and liabilities due to the Trustee together with any amount in respect of VAT payable thereon insofar as they relate to action to be taken by the Trustee in connection with a waiver, consent or amendment in relation to the provisions of the Bonds and/or this Agreement that has been requested by the Charity (including, for the avoidance of doubt, any such amounts which have been agreed between the Lender and the Trustee to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee pursuant to the Trust Deed insofar as they relate to the provisions of the Bonds and/or this Agreement); and
- (c) all fees, costs and expenses payable from time to time by the Lender in relation to or in connection with the Bonds, including those payable to any arranger, manager or dealer (including fees and commissions payable pursuant to any subscription agreement) (howsoever described) appointed in connection with the Bonds (including out of pocket and legal expenses of such arranger, manager or dealer and any amount of VAT payable thereon), any trustee, paying agent or other agent, transfer agent, registrar, calculation agent, account bank, the United Kingdom Listing Authority or any stock exchange (together with, in each case, any amount in respect of VAT payable thereon);

- (d) all fees, costs and expenses payable by the Lender in relation to or in connection with the Bonds incurred pursuant to the Issuance Facility Documents and the Custody Agreement (as defined in the Conditions) (if applicable) (together with any amounts of VAT payable thereon) including those payable to any bond trustee (but excluding those amounts payable pursuant to paragraph (b) of this definition), paying agent or other agent, transfer agent, registrar, calculation agent, account bank, the United Kingdom Financial Conduct Authority, custodian or any stock exchange;
- (e) all fees, costs and expenses payable by (or on behalf of) the Issuer incurred, from time to time, in relation to the Bonds in connection with producing and/or amending and/or replacing any document or documents required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK PRIIPs Regulation**”) including, without limitation, a key information document (as that term is used in the UK PRIIPs Regulation); and
- (f) all fees, costs and expenses (including in relation to any tax or legal advice) payable by the Lender incurred, from time to time, pursuant to the sale of any Retained Bonds or the making of any Retained Advances, together with any amounts of VAT payable thereon.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

“**Bondholder**” has the meaning given to it in the Conditions;

“**Bonds**” means the 3.25% Social Bonds due 22 July 2031 issued by the Issuer on the Issue Date, including the Retained Bonds;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in London;

“**Code**” means the U.S. Internal Revenue Code of 1986;

“**Commitment**” means £[●],000,000;

“**Commitment Agreement**” means the commitment agreement entered into between, among others, the Lender and the Charity dated on or around 20 July 2021;

“**Compliance Certificate**” means a certificate substantially in the form of Schedule 1 to this Agreement;

“**Conditions**” means the terms and conditions of the Bonds (in the form in place as at the Issue Date) as set out in Schedule 1 to the Supplemental Trust Deed;

“**Default**” means an Event of Default or a Potential Event of Default;

“**Deferred Loan**” has the meaning given to it in Clause 4.2;

“**Event of Default**” means any event or circumstance specified in Clause 10 (*Events of Default*);

“**Expected Maturity Date**” has the meaning given to it in the Conditions;

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed;

“**FATCA**” means Sections 1471 through 1474 of the Code (including any regulations thereunder or official interpretations thereof), intergovernmental agreements between the United States and other jurisdictions facilitating the implementation thereof, and any law implementing any such intergovernmental agreements;

“**FATCA Withholding**” means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA;

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any amount raised as a result of a sale, transfer or disposal of any of its assets on terms whereby they are or may be leased to or reacquired by the Charity;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the relevant Accounting Standards, be treated as a finance or capital lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

“**Financial Statements**” means (i) for so long as the Charity prepares its audited financial statements in accordance with the Accounting Standards, the audited financial statements of the Charity or, if applicable, the audited consolidated financial statements of the Charity for the relevant period; and (ii) in respect of any period where the Charity no longer prepares its audited financial statements in accordance with the Accounting Standards, the financial statements of the Charity or, if applicable, the consolidated financial statements of the Charity that would have been prepared in respect of such period had such financial statements been prepared in accordance with the Accounting Standards;

“**Gearing Covenant**” means any covenant which seeks to impose a limit, ratio or any other similar form of restriction or obligation, whether positive or negative, on the borrowing of the Charity;

“**Gearing Covenant Notice**” has the meaning given to it in Clause 9.2(a);

“**Initial Advance**” has the meaning given to it in Clause 2.2;

“**Initial Rate of Loan Interest**” has the meaning giving to it in Clause 3.2(a);

“**Interest Payment Date**” means 22 January and 22 July in each year commencing on 22 January 2022 up to and including the Expected Maturity Date or, if the Outstanding Balance is not repaid in full pursuant to the terms of Clause 4.1 (*Repayment on Expected Maturity Date*), the Legal Maturity Date;

“**Issue Date**” has the meaning given to that term in the Conditions;

“**Issuer**” means Retail Charity Bonds PLC;

“**Legal Maturity Date**” has the meaning given to it in the Conditions;

“**Loan**” means the aggregate principal amount of the Initial Advance and any Retained Advances made under this Agreement;

“**Loan Interest Period**” has the meaning given to it in Clause 3.2;

“**Loan Management Servicer**” means Allia Bond Services Limited;

“**Master Trust Deed**” means the master trust deed dated 26 June 2014 between the Lender and the Trustee, as modified and/or supplemented and/or restated from time to time;

“**Maturity Date**” means the Expected Maturity Date or the Legal Maturity Date (as applicable);

“**Net Assets**” has the meaning given to it in Clause 9.6 (*Definitions*);

“**Net Asset Value**” has the meaning given to it in Clause 9.6 (*Definitions*);

“**Outstanding Balance**” means the amount of the Loan less the aggregate of all amounts of principal paid or deemed to be paid by the Charity prior to such time;

“**Party**” means a party to this Agreement;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision therefor or any other entity;

“**Potential Event of Default**” means any event or circumstance specified in Clause 10 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice or the making of any determination under this Agreement) be an Event of Default;

“**Prospectus**” means the prospectus dated 1 July 2021 for use in connection with the issue of the Bonds;

“**Purchase Date**” has the meaning given to it in Clause 5.2;

“**Purchase Price**” has the meaning given to it in Clause 5.2;

“**Rate of Interest**” has the meaning given to that term in the Conditions;

“**Rate of Loan Interest**” has the meaning given to it in Clause 3.2(a);

“**Relevant Credit Facility**” has the meaning given to it in Clause 9.2;

"**Restricted Reserves**" has the meaning given to it in Clause 9.6 (*Definitions*);

"**Retained Advance**" means the principal amount of the Retained Bonds sold, in whole or in part, and made available to the Charity on a Retained Advance Date as set out in the relevant Retained Advance Request;

"**Retained Advance Date**" means such date on which the Lender makes an advance of the Retained Bond Actual Advance Amount to the Charity as set out in the relevant Retained Advance Request;

"**Retained Advance Repeating Representations**" means each of the representations set out in Clause 4 (*Representations and Covenants*) of the Commitment Agreement other than Clauses 4.1(b) and 4.1(m);

"**Retained Advance Request**" means the further advance request in the form set out in Schedule 2 (*Retained Advance Request*) submitted by the Charity and agreed by the Lender from time to time pursuant to Clauses 2.3 and 2.4;

"**Retained Bond Actual Advance Amount**" means the gross sale proceeds of the Retained Bonds sold, in whole or in part, by the Issuer on a Retained Advance Date as set out in the relevant Retained Advance Request;

"**Retained Bonds**" means the Bonds purchased by the Issuer on the Issue Date and held by or on behalf of the Issuer from time to time; *provided, however*, that, if the Issuer does not purchase any Bonds on the Issue Date to be held by or on behalf of the Issuer, there will not be any Retained Bonds and references in this Agreement to Retained Advance, Retained Advance Date, Retained Advance Repeating Representations, Retained Advance Request, Retained Bond Actual Advance Amount and Retained Bonds shall be construed accordingly;

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"**SORP**" means the Statement of Recommended Practice Accounting and Reporting for Registered Social Housing Providers (SORP2018);

"**Sterling Make-Whole Redemption Amount**" has the meaning given to that term in the Conditions;

"**Supplemental Trust Deed**" means the supplemental trust deed dated as of the Issue Date between the Lender and the Trustee;

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

"**Testing Date**" means the last day of the financial year of the Charity as per the Financial Statements, provided, however, that the first Testing Date under this Agreement shall be 31 March 2022 (the "**First Testing Date**");

"**Trust Deed**" means the Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time;

"**Trustee**" means Prudential Trustee Company Limited;

"**UK**" means the United Kingdom;



"UK GAAP" means UK Generally Accepted Accounting Practice; and

"VAT" means any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other Tax of a similar nature whether imposed in a member state of the European Union in substitution for, or levied in addition to, such Tax referred to above or imposed elsewhere.

## 1.2 Interpretation

In this Agreement, except to the extent that the context requires otherwise:

- (a) references to a statute or statutory provision include that statute or provision as from time to time modified, re-enacted or consolidated;
- (b) use of the singular shall include the plural and vice versa;
- (c) headings are for ease of reference only and shall be ignored in interpreting this Agreement;
- (d) references to an agreement, deed, instrument, licence, code or other document (including this Agreement), or to a provision contained in any of these, shall be construed, at the particular time, as references to it as it may then have been amended, varied, supplemented, modified, suspended, assigned or novated;
- (e) the words "include" and "including" are to be construed without limitation;
- (f) a reference to a "judgment" includes any order, injunction, determination, award or other judicial or arbitral measure in any jurisdiction; and
- (g) a reference to any party to any agreement includes its successors in title, permitted assigns and permitted transferees.

## 2. LOAN

### 2.1 Loan

Subject to the terms of this Agreement, the Charity will borrow and the Lender will make available loans in an aggregate amount equal to the Commitment (subject to this Clause 2 and Clause 3.1 (*Fees*)) and as from time to time reduced by prepayments in accordance with the terms hereof) on the Issue Date and on any Retained Advance Date.

**2.2** On the Issue Date the Lender will make an advance of £[●],000,000 in principal amount (the "**Initial Advance**") to the Charity.

**2.3** The Charity may request further advances under this Agreement by notifying the Lender in writing from time to time. Upon such notification, the Lender and the Charity shall enter into commercial discussions (for a period of not more than ten days) in good faith, in relation to the sale of the Retained Bonds, in whole or in part, with a view to agreeing commercial terms.

**2.4** Subject to Clause 2.3 above, the Lender shall sell the Retained Bonds (in whole or in part) and make an advance in an amount equal to the Retained Bond Actual Advance Amount to the Charity on the Retained Advance Date, provided that:

- (a) any sale and advance shall be made at the absolute discretion of the Lender;

- (b) the Lender has received appropriate tax and legal advice including advice that such sale of Retained Bonds and making of Retained Advances (i) would not be adverse to the rights and interests of the Bondholders or the Lender; and (ii) does not adversely impact the transaction as a whole;
- (c) commercial terms (including identifying suitable purchasers of the Retained Bonds and the terms of such sale) have been agreed with the Charity and a duly completed Retained Advance Request has been submitted by the Charity to the Lender setting out the terms of such Retained Advance;
- (d) the proposed Retained Advance shall, immediately prior to the sale of the related Retained Bonds, be less than or equal to the Retained Bonds held by the Issuer at such time;
- (e) the proposed Retained Advance shall be less than or equal to the Commitment then unutilised and not cancelled immediately prior to the making of such Retained Advance to the Charity;
- (f) on such date, no Default is continuing or would result from the Retained Advance; and
- (g) on such date, the Retained Advance Repeating Representations to be made by the Charity are true in all material respects in relation to it as at the Retained Advance Date as if made by reference to the facts and circumstances then existing. For the avoidance of any doubt, all references to the Issue Date in the Retained Advance Repeating Representations shall be construed as references to the Retained Advance Date.

## **2.5 Purpose**

The Charity shall apply all amounts raised by it under the Loan for or in advancement of purposes which are charitable under English law.

## **3. PRICING**

### **3.1 Fees**

- (a) In consideration for the Lender making available to the Charity the Loan and performing its administrative functions in connection with the Loan under this Agreement, the Charity shall pay to the Lender the amounts under paragraph (a) of the definition of Arrangement Fee in advance in equal half-yearly instalments, commencing on the Issue Date, two Business Days prior to each Interest Payment Date (excluding the Expected Maturity Date, or the Legal Maturity Date if repayment of the Outstanding Balance is deferred in accordance with Clause 4.2 (*Repayment on Legal Maturity Date*)), provided that, in the event the period from the Issue Date to the first Interest Payment Date is less or greater than six months, the Charity shall pay an amount pro rata for that period, as notified by the Lender to the Charity prior to the Issue Date.
- (b) On or after the first anniversary of the Issue Date, the Lender may adjust the amount set out in paragraph (a) of the definition of Arrangement Fee applicable from the next Interest Payment Date by notice in writing to the Charity on or about 31 August of each year with any percentage increase not exceeding the amount of percentage increase in the United Kingdom Retail Price Index (or, in the event that such index ceases to be published, any comparable or replacement index substituted by the Lender at its discretion, acting reasonably) for such year.
- (c) On the Issue Date and each Interest Payment Date, the Charity shall pay to the Lender the amounts in respect of paragraphs (b) and/or (c) and/or (d) and/or (e) of the definition of Arrangement Fee, to the extent such amounts are then due and payable.

- (d) On each Retained Advance Date, the Charity shall pay to the Lender the amount in respect of paragraphs (b) and/or (c) and/or (d) and/or (e) and/or (f) of the definition of Arrangement Fee, to the extent such amounts are due and payable.
- (e) The Charity and the Lender acknowledge and agree that the Charity's obligation to pay any amounts in respect of the Arrangement Fee may be satisfied by deducting such amounts from the amounts advanced by the Lender on or around the Issue Date in respect of the Loan.

### 3.2 Interest

- (a) Interest Rate:
  - (i) Following its advance on the Issue Date and on each Retained Advance Date, the rate of interest on the Loan up to but excluding the Expected Maturity Date is the Rate of Interest (the "**Initial Rate of Loan Interest**").
  - (ii) The rate of interest on the Loan from and including the Expected Maturity Date to but excluding the Legal Maturity Date is the Adjusted Rate of Interest (together with the Initial Rate of Loan Interest, the "**Rate of Loan Interest**").
- (b) Interest Payment Dates:
  - (i) The Charity shall pay an amount equal to the Rate of Loan Interest on the Interest Payment Date in arrear in equal half-yearly instalments.
  - (ii) The amount of interest payable by the Charity in respect of the Outstanding Balance for the period from and including each Interest Payment Date to but excluding the next Interest Payment Date (the "**Loan Interest Period**") shall be calculated by applying the Rate of Loan Interest on the applicable date to the Outstanding Balance at the end of such Loan Interest Period, dividing the product by two and rounding the resulting figure to the nearest one penny (halfpenny being rounded upwards).
  - (iii) If interest is required to be calculated in respect of any other period, it shall be calculated on the basis of (i) the actual number of days from and including the first day of such period to but excluding the relevant payment date; (ii) divided by twice the actual number of days in the period from and including the most recent Interest Payment Date to but excluding the next Interest Payment Date and multiplying this by the Rate of Loan Interest and the Outstanding Balance.

### 3.3 Default Interest

Interest which is not paid when due shall accrue interest at the applicable Rate of Loan Interest specified in Clause 3.2 (*Interest*) from and including the due date for payment to but excluding the date on which such interest is paid.

### 3.4 Payment Instructions

The Charity agrees that it will make such payment instructions as are necessary to ensure the amounts that become due pursuant to this Clause 3 are paid to the Lender by 10am on the Business Day falling two Business Days prior to their becoming due.

## 4. REPAYMENT

### 4.1 Repayment on Expected Maturity Date

Subject to Sub-clause 4.2 (*Repayment on Legal Maturity Date*) and unless previously repaid pursuant to Clause 5 (*Prepayment*), the Charity must repay the Outstanding Balance in full on the Expected Maturity Date plus accrued but unpaid interest to but excluding the Expected Maturity Date.

### 4.2 Repayment on Legal Maturity Date

If the Charity so elects to extend the Expected Maturity Date, the Outstanding Balance shall be deemed not to be due and payable on such date and such amount shall instead be deferred for payment on the Legal Maturity Date (the “**Deferred Loan**”).

4.3 Interest shall continue to accrue on the Deferred Loan in accordance with Clause 3.2 (*Interest*) until the Legal Maturity Date.

4.4 The Deferred Loan shall become due and payable on the Legal Maturity Date plus accrued but unpaid interest to but excluding the Legal Maturity Date.

4.5 The Charity agrees that it will make such payment instructions as are necessary to ensure the amounts that become due pursuant to this Clause 4 are paid to the Lender by 10am on the Business Day falling two Business Days prior to their becoming due.

## 5. PREPAYMENT

5.1 Optional Prepayment: The Outstanding Balance may be prepaid in whole but not in part upon not more than 30 days’ and not less than 15 days’ notice (which notice shall be irrevocable) prior to the date of the proposed prepayment of the Outstanding Balance pursuant to this Clause 5 at the Sterling Make-Whole Redemption Amount plus interest accrued to but excluding the date of prepayment.

5.2 Prepayment due to Purchase of Bonds: If the Charity intends to purchase any Bonds in accordance with Condition 10.4 (*Purchases*), the Charity shall notify the Lender of the intended purchase date of the Bonds and the amount required for the purchases of such Bonds (the “**Purchase Price**”) and, upon the date of purchase and surrender of such Bonds to the Lender for cancellation of such Bonds in accordance with the Conditions (the “**Purchase Date**”), the Outstanding Balance shall be deemed to have been prepaid on the Purchase Date in an amount equal to the nominal amount of such Bonds (but, for the avoidance of doubt will not trigger any redemption of the Bonds under Condition 10.2).

5.3 The Charity shall not prepay all or any part of the Outstanding Balance except at the times and in the manner expressly provided for in this Agreement and shall not be entitled to re-borrow any amount repaid. In addition, the Charity may only prepay all or part of the Outstanding Balance if the Lender has received such tax and legal advice as it deems necessary in connection therewith, including advice that such prepayment (i) would not be adverse to the rights and interests of the Bondholders or the Lender; and (ii) does not adversely impact the transaction as a whole.

5.4 On the prepayment of the Outstanding Balance by the Charity under Clause 5.1 or 5.2, the Commitment which, at that time, is unutilised shall immediately be cancelled.

5.5 On cancellation of any Retained Bonds by the Issuer following a request by the Charity under Condition 10.5 (*Cancellation*), a corresponding amount of the Commitment which, at that time, is unutilised shall be immediately cancelled.

## **6. TAXES**

**6.1** The Charity shall make all payments made by it under this Agreement without any withholding or deduction unless required by applicable law and will take such reasonable steps as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Lender, free and clear of Taxes. For these purposes, the Lender confirms that it is a UK resident company.

**6.2** All amounts expressed to be payable under this Agreement by the Charity which (in whole or in part) constitute the consideration for any supply for VAT purposes are exclusive of any VAT which is chargeable on that supply and, accordingly, if VAT is or becomes chargeable on any supply made by the Lender under this Agreement and the Lender is required to account to the relevant tax authority for the VAT, the Charity must pay to the Lender (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of that VAT (and the Lender must promptly provide an appropriate VAT invoice to the Charity).

**6.3** Without prejudice to the generality of Clause 6.1 above, the Charity confirms that it is a registered charity within the meaning of the Charities Act 2011 and, on the basis of the confirmation made by the Lender in Clause 6.1 above, for the purposes of section 930(1)(b) Income Tax Act 2007, that it has a reasonable belief that payments of interest to the Lender are “excepted payments” by virtue of section 933 Income Tax Act 2007. Accordingly, the Charity undertakes to pay interest to the Lender under this Agreement without deduction or withholding on account of UK Tax unless and until:

(a)

(i) it obtains information indicating that the Lender does not satisfy the condition in section 933 Income Tax Act 2007 (and it hereby confirms that as at the date of this Agreement it has obtained no such information), in which case the Charity shall notify the Lender of the details of that information as soon as practicable, giving the Lender the opportunity to respond to that information; or

(ii) it receives a direction from an officer of Her Majesty’s Revenue and Customs under section 931 Income Tax Act 2007 (and it hereby confirms that as at the date of this Agreement it has received no such direction) in relation to payments made by the Charity to the Lender under this Agreement, in which case the Charity shall immediately notify the Lender of the receipt of such direction, but if such notice is subsequently revoked, the Charity shall pay interest under this Agreement without deduction or withholding for or on account of UK Tax; and

(b) the Lender’s usual place of abode is outside the United Kingdom.

**6.4** Each Party shall, within ten Business Days of a reasonable request by the other Party, supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of the other Party’s compliance with FATCA.

## **7. COVENANTS**

### **7.1 Authorisations**

The Charity shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under this Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Agreement.

## **7.2 Compliance with Laws**

The Charity shall comply in all respects with all laws to which it may be subject if failure to so comply would materially impair its ability to perform its obligations under this Agreement.

## **7.3 Tax Residency**

The Charity represents that it is and has always been resident for Tax purposes only in the United Kingdom, and has not been and does not carry on business in any jurisdiction outside of the United Kingdom. The Charity shall do all that is necessary to remain resident for Tax purposes only in the United Kingdom and shall not carry on business in any jurisdiction outside of the United Kingdom.

## **7.4 Change of Business and Charitable Status**

The Charity shall do all that is necessary to maintain its charitable status under English law and shall procure that no substantial change is made to the general nature of the activities of the Charity from that carried on at the date of this Agreement.

## **7.5 FATCA**

The Charity will notify the Lender as soon as is practicable if the Charity is required to withhold or deduct in respect of any FATCA Withholding in relation to any payment under this Agreement.

## **8. INFORMATION COVENANTS**

The undertakings in this Clause 8 remain in force from the date of this Agreement for so long as any amount is outstanding under this Agreement.

### **8.1 Financial statements**

- (a) The Charity shall supply to the Lender as soon as the same become available, but in any event within six months of the end of each of its financial years, its audited annual report and accounts for that financial year (consolidated if appropriate).
- (b) Without prejudice to Clause 8.1(a) above, in respect of a financial year where the Charity no longer prepares its audited financial statements in accordance with the Accounting Standards, the Charity shall also supply to the Lender, at the same time as it supplies its audited annual report and accounts pursuant to Clause 8.1(a) above, a copy of the financial statements for such financial year (consolidated if appropriate), restated as if they had been prepared in accordance with the Accounting Standards, and shall also provide to the Lender in writing such information as may be requested by the Lender to demonstrate how such financial standards have been prepared.
- (c) The Charity shall use its reasonable endeavours to supply to the Lender, within 90 days of the end of each half of a financial year, a copy of its relevant semi-annual trading update.

### **8.2 Compliance Certificate**

- (a) The Charity shall supply to the Lender, with each audited annual report and accounts delivered pursuant to Clause 8.1(a) (*Financial statements*), a Compliance Certificate setting out, *inter alia*, computations as to compliance with Clause 9 (*Financial Covenants*) as at the Testing Date, provided, however, that the first Compliance Certificate to be delivered under this Agreement shall only be required to be delivered in respect of the First Testing Date.
- (b) Each Compliance Certificate shall be signed by a director of the Charity.

### 8.3 Requirements as to financial statements

Each set of audited annual report and accounts delivered by the Charity pursuant to Clause 8.1(a) (*Financial statements*) shall be certified by a director of the relevant company as fairly representing its (or, as the case may be, its consolidated) financial condition as at the end of and for the period in relation to which those financial statements were drawn up.

### 8.4 Notification of Default

- (a) The Charity shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly, and in any event within 30 days, upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Lender, the Charity shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it), provided that the Lender may only request such certificate on two occasions per calendar year.

### 8.5 Annual Statement of Social Impact

The Charity shall supply to the Lender an annual statement of social impact on 29 July in each year, in accordance with the guidance set out at Schedule 3 (*Guidance on Statement of Social Impact*).

### 8.6 Management

The Charity shall promptly notify the Lender of any changes to the trustees or management of the Charity and shall provide such other information as reasonably requested by the Lender from time to time to enable the Lender to comply with its anti-money laundering and other related obligations.

## 9. FINANCIAL COVENANTS

### 9.1 Financial Condition

The Charity shall ensure that as at each Testing Date its Net Asset Value as determined by reference to its most recent Financial Statements is at least 130% of the Outstanding Balance and all other unsecured, unsubordinated borrowings (other than any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in its most recent Financial Statements.

### 9.2 More Beneficial Covenants

- (a) If at any time the terms of any of the Charity's unsecured and unsubordinated debt (a "**Relevant Credit Facility**") contains a Gearing Covenant and such Gearing Covenant is not contained in this Agreement or would be more beneficial to the Lender than any analogous covenant in this Agreement, in each case whether existing on the date hereof or incorporated into this Agreement pursuant to this Clause 9.2, a director of the Charity shall promptly (but in any event within 10 Business Days of the occurrence thereof) provide written notice thereof to the Lender, which notice shall refer specifically to this Clause 9.2 and shall describe in reasonable detail the Gearing Covenant and the relevant ratios or thresholds contained therein (and shall include a copy of the relevant portion of the Relevant Credit Facility evidencing such Gearing Covenant) (a "**Gearing Covenant Notice**"). Upon receipt of a Gearing Covenant Notice, the Lender shall in turn promptly (but in any event within ten Business Days of the receipt of the Gearing Covenant Notice) provide written notice to the holders of the Bonds, which notice shall set out all the information contained in the Gearing Covenant Notice.

- (b) Upon receipt of a Gearing Covenant Notice by the Lender, the Gearing Covenant subject to the notification shall be deemed automatically incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, without any further action required on the part of any person, effective as of the date when such Gearing Covenant became effective under the Relevant Credit Facility.

### **9.3 Pari Passu Ranking**

The Charity shall ensure that its payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to registered charities generally.

### **9.4 Financial Covenant Calculations**

Net Asset Value shall be calculated and interpreted (on a consolidated basis, if applicable) in accordance with the relevant Accounting Standards and shall be expressed in pounds sterling.

### **9.5 Status of Covenants and Events of Default**

For the avoidance of doubt, each of the covenants in this Clause 9 and Events of Default in Clause 10 (*Events of Default*) as of the date of this Agreement (as amended, other than by application of Clause 9.2) shall remain in this Agreement as in effect on the date hereof regardless of whether any Gearing Covenant is incorporated into, deleted from, or otherwise modified in this Agreement.

### **9.6 Definitions**

In this Clause 9:

"**Net Assets**" means the net assets of the Charity as shown in the most recent Financial Statements of the Charity;

"**Net Asset Value**" means the Charity's Net Assets less: (a) Restricted Reserves; plus (b) the Outstanding Balance and all other unsecured, unsubordinated borrowings (other than any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in the latest audited annual report and accounts of the Charity from time to time; and

"**Restricted Reserves**" means the restricted reserves of the Charity as shown in the most recent Financial Statements of the Charity.

## **10. EVENTS OF DEFAULT**

### **10.1** Each of the events or circumstances set out in this Clause 10.1 is an Event of Default:

- (a) the Charity fails to pay any sum due under this Agreement and such failure continues for a period of five days (in the case of interest) and six days (in the case of principal) (subject to Clause 4.2 (*Repayment on Legal Maturity Date*));
- (b) the Charity is in breach of any other obligation under this Agreement and has failed to remedy same within 30 days of being requested to do so;
- (c) any requirement of Clause 9 (*Financial Covenants*) is not satisfied;
- (d) the Charity ceases to have charitable status under English law;



- (e) any representation or statement made or deemed to be made by the Charity in the Commitment Agreement is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- (f) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Charity and is not discharged within 10 days;
- (g) the Charity is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (h) the value of the assets of the Charity is less than its liabilities (taking into account contingent and prospective liabilities);
- (i) a moratorium is declared in respect of any indebtedness of the Charity;
- (j) it is or becomes unlawful for the Charity to perform any of its obligations under the Commitment Agreement or this Agreement;
- (k) the Charity repudiates this Agreement or evidences an intention to repudiate this Agreement;
- (l) in relation to any Financial Indebtedness of the Charity:
  - (i) any Financial Indebtedness of the Charity is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
  - (ii) any commitment for any Financial Indebtedness of the Charity is cancelled or suspended by a creditor of the Charity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 10.1(l) if the aggregate amount of Financial Indebtedness falling within paragraphs (i) and (ii) above is less than £3,000,000 (or its equivalent in any other currency or currencies);

- (m) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Charity;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of the Charity;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Charity; or
  - (iv) enforcement of any Security over any assets of the Charity; or
  - (v) any analogous procedure or step is taken in any jurisdiction,

in each case (other than (A) the appointment of an administrator, (B) the enforcement of any Security over any assets of the Charity or (C) any such corporate action, legal

proceedings or other procedure or step which the Charity has initiated or to which the Charity has consented (in writing or otherwise)), that has not been discharged within 10 days.

**10.2** Acceleration: On and at any time after the occurrence of an Event of Default which is continuing, the Lender may, by notice to the Charity:

- (a) declare that all or part of the Outstanding Balance, together with accrued interest, and all other amounts accrued or outstanding under this Agreement or the Commitment Agreement be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (b) declare that all or part of the Outstanding Balance be payable on demand, whereupon they shall immediately become payable on demand by the Lender.

## **11. TRANSFERABILITY**

**11.1** The Lender may not assign and/or transfer its rights and/or obligations under this Agreement without the prior written consent of the Charity other than in accordance with Clause 11.2 below.

**11.2** The Charity acknowledges that the Lender will assign by way of security all of its rights, title and interest, present and future, arising under this Agreement to the Trustee under the Trust Deed.

## **12. PAYMENTS**

**12.1** The Charity hereby agrees to pay to the Lender all amounts as are specified in this Agreement on the dates specified in this Agreement in the following order of priority and in each case only if and to the extent that the items of a higher priority have been paid or satisfied in full:

- (a) *first*, in payment or satisfaction of any amounts of Arrangement Fee due under this Agreement;
- (b) *secondly*, in payment or satisfaction of interest due and payable in respect of the Loan;
- (c) *thirdly*, in payment or satisfaction of principal due and payable in respect of the Loan; and
- (d) *fourthly*, in payment or satisfaction of any other amount due and payable to the Lender by the Charity.

**12.2** Payments to the Lender by the Charity in respect of amounts due under this Agreement shall be made to the bank accounts of the Lender as separately notified in writing by the Loan Management Servicer to the Charity from time to time.

**12.3** Payments by the Charity must be made without set-off or counterclaim and without any deduction.

**12.4** If any payment is scheduled to be made on a day which is not a Business Day, then the payment must be made on the preceding Business Day.

**12.5** Any appropriation by the Lender of moneys received from the Charity against amounts owing under this Agreement will override any contrary appropriation made by the Charity.

## **13. NOTICES**

### **13.1 Communications in Writing**

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by electronic communication or letter and, in the case of communication to the Lender, to the Loan Management Servicer copied to the Lender. The Loan Management Servicer's address for this purpose is as follows:

Allia Bond Services Limited  
Future Business Centre  
King's Hedges Road  
Cambridge  
CB4 2HY  
United Kingdom  
Attention: Briony Maritz  
communications@allia.org.uk

### **13.2 Communication by the Loan Management Servicer**

The Charity acknowledges and accepts that any notification or communication made by the Loan Management Servicer on behalf of the Lender shall be deemed to be a notification or communication by the Lender for the purposes of this Agreement and all references to notifications or communications by the Lender in this Agreement shall be read and construed accordingly.

### **13.3 Communication by the Charity**

The Lender acknowledges and accepts that any notification or communication made by the Charity to the Loan Management Servicer copied to the Lender shall be deemed to be a notification or communication by the Charity to the Lender for the purposes of this Agreement and all references to notifications or communications by the Charity in this Agreement shall be read and construed accordingly.

### **13.4 Addresses**

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is that identified with its name below, or any substitute address, email address or department or officer as the Party may notify to the other Parties by not less than five days' notice.

## **14. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **16. NON-PETITION AND LIMITED RECOURSE**

### **16.1 Non-Petition**

Each of the other Parties to this Agreement agrees with the Lender that it shall not take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Lender or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Lender or over any or all of its assets or undertaking.

### **16.2 Limited Recourse**

To the extent permitted by law, no recourse under any obligation, covenant or agreement of any person contained in this Agreement shall be had against any shareholder, officer, agent or director of the Lender or the Charity by the enforcement of any assessment or by any legal proceedings, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Lender and the Charity respectively and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Lender or the Charity as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Lender or the Charity (as applicable) herein or implied herefrom, and that any and all personal liability for breaches by such person of any such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by each person expressed to be a Party hereto as a condition of and consideration for the execution of this Agreement.

## **17. GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

## SCHEDULE 1

### FORM OF COMPLIANCE CERTIFICATE

To: Retail Charity Bonds PLC as Lender

Cc: Allia Bond Services Limited as Loan Management Servicer

From: Golden Lane Housing Ltd (the “Charity”)

Dated: [\_\_\_\_\_]

Dear Sirs

**Golden Lane Housing Ltd – Loan  
dated 22 July 2021 (the “Agreement”)**

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meanings when used in this Compliance Certificate unless given different meanings in this Compliance Certificate.
2. [We confirm that no Default is continuing.]\*
3. We certify that the audited [consolidated] financial statements of the Charity for the year ended [ ] fairly represent the Charity’s [consolidated] financial condition as at the date they are made up to.
4. We confirm that [no circumstance has arisen requiring a notice to be given/any changes to the trustees and/or management of the Charity have been notified to the Lender] pursuant to Clause 8.6.
5. We confirm that, as at the Testing Date, the Net Asset Value is at least 130% of the Outstanding Balance.

Signed by \_\_\_\_\_

for and on behalf of

**Golden Lane Housing Ltd**

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\* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

**SCHEDULE 2**

**RETAINED ADVANCE REQUEST**

From: Golden Lane Housing Ltd

To: Retail Charity Bonds PLC

Dated: [        ]

Dear Sirs

**Loan Agreement  
dated 22 July 2021 (the Agreement)**

1. We refer to the Agreement. This is a Retained Advance Request for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Retained Advance Request unless given a different meaning in this Retained Advance Request.
2. Pursuant to Clauses 2.3 and 2.4 of the Agreement, we wish to borrow a further advance on the following terms:

Retained Advance Date: [        ] (or, if that is not a Business Day, the next Business Day)

Currency of Loan: GBP

Retained Bond Actual Advance Amount: [    ]

Retained Advance: [    ]

3. The Charity represents and warrants that no Default is continuing or would result from the Retained Advance.
4. The Charity represents and warrants that the Retained Advance Repeating Representations are true in all material respects in relation to it as at the Retained Advance Date as if made by reference to the facts and circumstances then existing. For the avoidance of any doubt, all references to the Issue Date in the Retained Advance Repeating Representations shall be construed as references to the Retained Advance Date.
5. This Retained Advance Request is irrevocable.

Yours faithfully

\_\_\_\_\_

for and on behalf of

**Golden Lane Housing Ltd**

Agreed and accepted by

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authorised signatory for  
**Retail Charity Bonds PLC**

Date:

## SCHEDULE 3

### GUIDANCE ON STATEMENT OF SOCIAL IMPACT

The annual statement of impact should, to the extent reasonably feasible, cover the following points:

- The approximate proportion of funds from the loan deployed as at the date of the statement.
- How such funds have been used (including the proportion of the funds, if any, used for refinancing).
- The population for whom impact has been created.
- A report of the impact created from the use of funds, using qualitative performance indicators.
- Where possible a report of quantitative performance measures, explaining the key underlying methodology and/or assumptions used in the determination. For social impacts, you are encouraged to provide information in terms of outputs, outcomes and impact (see definitions below).
- Any determination of your contribution to the impact created, compared with what would have likely occurred anyway.
- The anticipated future impact, using both qualitative indicators and where feasible quantitative measures, from the use of loan funds to date and the future use of any funds as yet not deployed.
- The risk factors that might affect the actual level of future impact.

You should use output, outcome, and/or impact metrics that are relevant to your activities. Wherever possible you are encouraged to use existing indicator lists and catalogues, such as the Good Finance Outcomes Matrix.<sup>1</sup> A non-exhaustive illustrative list of indicators has also been provided by the ICMA Social Bond Working Group.<sup>2</sup>

#### Definitions

**Outputs** are defined as the practices, products and services that result from the project, which are relevant to the achievement of the outcomes. They should be measurable and readily determined. An example is the number of dwellings built.

**Outcomes** are defined as the benefits or changes to individuals and/or groups that are likely to occur as result of the output. An example is rental costs compared to the national or regional rent index.

**Impacts** are defined as the results and ultimate objective of the outcomes. These may take a certain number of years to become evident after the project activities are completed. An example is the reduction in the rate of homelessness.

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<sup>1</sup> <https://www.goodfinance.org.uk/measuring-social-impact/outcomes-matrix>

<sup>2</sup> “Working Towards a Harmonized Framework for Impact Reporting for Social Bonds”, June 2020



## **SIGNATORIES**

### **The Charity**

#### **GOLDEN LANE HOUSING LTD**

Address: 123 Golden Lane  
London, EC1Y 0RT

Email: Warren.bradley@glh.org.uk

Attention: Warren Bradley

By:

### **The Lender**

#### **RETAIL CHARITY BONDS PLC**

Address: Future Business Centre  
King's Hedges Road  
Cambridge CB4 2HY

Email: communications@rcb-bonds.com

Attention: The Company Secretary

By:

**ISSUER**

**Retail Charity Bonds PLC**  
Future Business Centre  
King's Hedges Road  
Cambridge CB4 2HY

**CHARITY**

**Golden Lane Housing Ltd**  
123 Golden Lane  
London EC1Y 0RT

**TRUSTEE**

**Prudential Trustee Company Limited**  
10 Fenchurch Avenue  
London EC3M 5AG

**ISSUING AND PRINCIPAL PAYING AGENT**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL

**REGISTRAR**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL

**SERVICER**

**Allia Bond Services Limited**  
Future Business Centre  
King's Hedges Road  
Cambridge CB4 2HY

**CUSTODIAN (in respect of any Retained Bonds)**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL

**LEGAL ADVISERS**

*To the Issuer as to English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ

*To the Charity as to English law*

**Bates Wells & Braithwaite London LLP**  
10 Queen Street Place  
London EC4R 1BE

*To the Managers and Trustee as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD

**AUDITORS**

*To the Issuer*

**RSM UK Audit LLP**  
25 Farringdon Street  
London EC4A 4AB

*To the Charity*

**Crowe U.K. LLP**  
4th Floor  
St James House  
St James Square  
Cheltenham GL50 3PR

**MANAGER**

**City & Continental Ltd trading as Allia C&C**  
Cheyne House Crown Court  
62-63 Cheapside  
London EC2V 6AX