

PROSPECTUS DATED 7 MARCH 2017



Greensleeves Homes Trust

**4.25 per cent. Bonds due 30 March 2026
(including Retained Bonds)**

(Issued by Retail Charity Bonds PLC)

secured on a loan to Greensleeves Homes Trust

MANAGER



Peel Hunt LLP

SERVICER



Allia Impact Finance Ltd.

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 document (the “**Prospectus**”) has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) and relates to the offer by Retail Charity Bonds PLC (the “**Issuer**”) of its sterling denominated 4.25 per cent. Bonds due 30 March 2026 (the “**Bonds**”) at 100 per cent. of their nominal amount. Certain of the Bonds will immediately be purchased by the Issuer on the Issue Date (the “**Retained Bonds**”). The aggregate nominal amount of Retained Bonds will be specified in the Issue Size Announcement (as defined below).

The proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to Greensleeves Homes Trust (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 30 March 2017 (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 details of the aggregate nominal amount of the Retained Bonds) will be specified in the issue size announcement published by the Issuer on a Regulatory Information Service (the “**Issue Size Announcement**”).

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 business 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 Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. 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*”) and 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*”), Appendix E (“*Charity’s consolidated financial statements for the year ended 31 March 2015*”) and Appendix F (“*Charity’s consolidated financial statements for the year ended 31 March 2016*”). To the best of the knowledge of the Charity (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. 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.

Use of defined terms in this Prospectus

Certain terms or phrases in this Prospectus are defined in double quotation marks 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 Greensleeves Homes Trust, the borrower under the Loan Agreement. See Sections 3 (*“Description of the Charity”*) and 7 (*“Description of Retail Charity Bonds PLC”*).

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.

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 24 March 2017) 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.

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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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 Prospectus Directive and associated legislation.

SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A–E (A.1–E.7). This Summary contains all the Elements required to be included in a summary for the Bonds (as defined below) and the Issuer (as defined below). Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

Section A – Introduction and warnings

Element		Title
A.1	Warning	<p>This summary must be read as an introduction to this document (“Prospectus”). Any decision to invest in the Bonds should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</p>
A.2	Consent, Offer Period, Conditions to Consent and Notice	<p><i>Consent:</i> Subject to the conditions set out below, the Issuer and, as applicable, the Charity (as defined below) 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) Peel Hunt LLP (the “Manager”); (ii) AJ Bell Securities Limited, Alliance Trust Savings Limited, Barclays Bank PLC, Equiniti Financial Services Limited, Interactive Investor Trading 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 (http://www.retailcharitybonds.co.uk/bonds/greensleeves) 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, or other applicable legislation implementing Directive 2004/39/EC (the “Markets in Financial Instruments Directive”) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p style="text-align: center;"><i>“We, [insert legal name of financial intermediary], refer to the 4.25 per cent. Bonds due 30 March 2026 (the “Bonds”) described in the Prospectus dated 7 March 2017 (the</i></p>

		<p>“Prospectus”) published by Retail Charity Bonds PLC (the “Issuer”). In consideration of the Issuer and Greensleeves Homes Trust (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 7 March 2017 to 12.00 noon (London time) on 24 March 2017 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.”</p> <p><i>Offer Period:</i> The Issuer’s and, as applicable, the Charity’s consent referred to above is given for Public Offers of Bonds during the period from 7 March 2017 to 12.00 noon (London time) on 24 March 2017 (the “Offer Period”).</p> <p><i>Conditions to consent:</i> 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.</p> <p>If you intend to acquire or do acquire any Bonds 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.</p>
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Section B – The Issuer and the Charity

Element	Title	
B.1	The legal and commercial name of the issuer.	<p><i>Issuer</i></p> <p>Retail Charity Bonds PLC (the “Issuer”)</p> <p><i>Charity</i></p> <p>Greensleeves Homes Trust (the “Charity”)</p>
B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its	<p><i>Issuer</i></p> <p>The Issuer is a public limited company incorporated in England and Wales under the Companies Act 2006.</p>

	country of incorporation.	<i>Charity</i> The Charity is a registered charity in England and Wales (No. 1060478) and is registered with the England and Wales Companies House as a private limited company (Company No. 3260168).																																																															
B.5	If the issuer is part of a group, a description of the group and the issuer’s position within the group.	<i>Charity</i> The Charity has a wholly owned subsidiary, Greensleeves Developments Limited (together with the Charity, the “ Group ”), whose accounts are consolidated into the Charity’s financial statements. The subsidiary is currently considered dormant but is currently kept in existence in case a trading subsidiary is required for future activities.																																																															
B.9	Profit forecast or estimate	<i>Charity</i> Not Applicable. No profit forecasts or estimates have been made in respect of the Charity in the Prospectus.																																																															
B.10	Audit report qualifications	<i>Charity</i> Not Applicable. No qualifications are contained in any audit report in respect of the Charity included in the Prospectus.																																																															
B.12	Selected historical key financial information																																																																
	<i>Charity</i> A summary of the Charity’s historical income and expenditure account and balance sheet is set out below, which has been extracted without material adjustment from the audited consolidated financial statements of the Charity for the years ending 31 March 2015 and 31 March 2016. There has been no significant change in the financial or trading position of the Charity or the Group since 31 March 2016 and there has been no material adverse change in the prospects of the Charity or the Group since 31 March 2016. <i>Historical Financial Information</i> <i>Consolidated statement of financial activities (incorporating an income and expenditure account)</i> <table><tr><th></th><th><u>Unrestricted Funds</u></th><th><u>Restricted Funds</u></th><th><u>Total</u></th><th><u>Unrestricted Funds</u></th><th><u>Restricted Funds</u></th><th><u>Total</u></th></tr><tr><th></th><th><u>2016</u></th><th><u>2016</u></th><th><u>2016</u></th><th><u>2015</u></th><th><u>2015</u></th><th><u>2015</u></th></tr><tr><td>INCOME FROM</td><td>£</td><td>£</td><td>£</td><td>£</td><td>£</td><td>£</td></tr><tr><td>Donations and fundraising</td><td>12,808</td><td>140,972</td><td>153,780</td><td>6,869</td><td>65,023</td><td>71,892</td></tr><tr><td>Investments</td><td>73,805</td><td>-</td><td>73,705</td><td>75,867</td><td>-</td><td>75,867</td></tr><tr><td>Rental income</td><td>84,947</td><td>-</td><td>84,947</td><td>91,950</td><td>-</td><td>91,950</td></tr><tr><td>Charitable activities</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Residents’ care fees</td><td>23,387,577</td><td>-</td><td>23,387,577</td><td>19,687,714</td><td>-</td><td>19,687,714</td></tr><tr><td>Residents’ sundries</td><td>229,237</td><td>-</td><td>229,237</td><td>190,372</td><td>-</td><td>190,372</td></tr></table>			<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>		<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	INCOME FROM	£	£	£	£	£	£	Donations and fundraising	12,808	140,972	153,780	6,869	65,023	71,892	Investments	73,805	-	73,705	75,867	-	75,867	Rental income	84,947	-	84,947	91,950	-	91,950	Charitable activities							Residents’ care fees	23,387,577	-	23,387,577	19,687,714	-	19,687,714	Residents’ sundries	229,237	-	229,237	190,372	-	190,372
	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>																																																											
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>																																																											
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Other						
Miscellaneous income	41,562	-	41,562	18,696	-	18,696
Surplus from sale of fixed assets	14,949	-	14,949	-	-	-
TOTAL	23,844,885	140,972	23,985,857	20,071,468	65,023	20,136,491
EXPENDITURE ON						
Raising funds						
Investment manager fees	4,308	-	4,308	1,094	-	1,094
Rental costs	14,913	-	14,913	17,617	-	17,617
Charitable activities						
Residents' care costs	22,150,590	36,627	22,187,217	18,245,417	42,207	18,287,624
Head Office costs	1,251,169	-	1,251,169	954,674	-	954,674
TOTAL	23,420,980	36,627	23,457,607	19,218,802	42,207	19,261,009
INVESTMENTS						
Realised gains	73,919	-	73,919	-	-	-
Unrealised (losses) / gains	(181,099)	-	(181,099)	74,347	-	74,347
NET INCOME	316,725	104,345	421,070	927,013	22,816	949,829
Funds brought forward 1 April 2015	31,904,911	83,229	31,988,140	30,977,898	60,413	31,038,311
Transfer between funds	46,671	(46,671)	-	-	-	-
Funds carried forward 31 March 2016	32,268,307	140,903	32,409,210	31,904,911	83,229	31,988,140
Consolidated and charity balance sheets						
	Group		Charity			
	2016	2015	2016	2015		
FIXED ASSETS	£	£	£	£		
Tangible fixed assets	42,579,250	37,670,337	42,579,250	37,670,337		
Investment in Subsidiary	-	-	4	4		
	42,579,250	37,670,337	42,579,254	37,670,341		
CURRENT ASSETS						
Investments	1,436,263	1,977,447	1,436,263	1,977,447		
Debtors	1,194,769	828,983	1,194,765	828,979		
Bank and cash balances	791,217	2,587,959	791,165	2,587,907		
	3,422,249	5,394,389	3,422,193	5,394,333		
CURRENT LIABILITIES						
Amounts falling due within one year	(2,272,826)	(1,686,400)	(2,272,830)	(1,686,404)		
NET CURRENT ASSETS	1,149,423	3,707,989	1,149,363	3,707,929		
TOTAL ASSETS LESS	43,728,673	41,378,326	43,728,617	41,376,270		

	CURRENT LIABILITIES CREDITORS Amounts falling due after more than one year (11,319,463) (9,390,186) (11,319,463) (9,390,186) NET ASSETS 32,409,210 31,988,140 32,409,154 31,988,084 UNRESTRICTED FUNDS General funds 2,394 2,822,302 2,338 2,822,246 Revaluation reserve 10,573,753 10,681,384 10,573,753 10,681,384 Fixed assets reserve 21,692,160 18,401,225 21,692,160 18,401,225 32,268,307 31,904,911 32,268,251 39,904,855 RESTRICTED FUNDS 140,903 83,229 140,903 83,229 TOTAL FUNDS 32,409,210 31,988,140 32,409,154 31,988,084
B.13	Events impacting the Issuer's solvency <i>Charity</i> Not Applicable. There are no recent events particular to the Charity which are to a material extent relevant to the evaluation of the Charity's solvency.
B.14	Dependence on other group entities <i>Charity</i> The Charity is not dependent on other group entities.
B.15	Principal Activities <i>Charity</i> The Charity's main activities are to provide care and accommodation for the elderly, primarily through residential, dementia and nursing care services, at an economic price. As at 31 March 2016 the Charity managed 20 homes that provide residential, dementia and nursing care for up to 789 residents.
B.16	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control. <i>Issuer</i> The entire issued share capital of the Issuer is held by: (i) RC Bond Holdings Limited (" Holdings "); and (ii) Allia Ltd., 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 of the Issuer), 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

		<p>proposed alteration in the articles of association of the Issuer. The Issuer does not have the ability to declare a dividend or distribution to be paid to its members.</p> <p>Holdings has exclusive control of the Issuer (and has the ability to appoint and remove directors of the Issuer by ordinary resolution) other than in relation to a proposal to alter the articles of association of the Issuer (as described above) in respect of which the holder of the Special Share controls whether such resolution is approved or not.</p> <p><i>Charity</i></p> <p>The Charity is a company limited by guarantee and does not have a share capital. The Board of Trustees has overall responsibility for the running of the Trust and may exercise all the powers of the Charity and do on behalf of the Charity all such acts as may be exercised and done by the Charity (which are not required to be exercised by the Charity in a general meeting pursuant to applicable laws or the articles). The Board of Trustees is responsible for the overall policy, direction and strategy of the Charity and for the oversight of its financial affairs. All attend Trustees' meetings, at which the important matters affecting the Charity are discussed and decisions made.</p>
B.17	Credit ratings assigned to an issuer or its debt securities at the request or with the co-operation of the issuer in the rating process.	<p><i>Issuer</i></p> <p>Not applicable. Neither the Issuer nor the Bonds are, nor will they be, rated.</p>
B.20	A statement whether the issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.	<p><i>Issuer</i></p> <p>The Issuer is an entity which has been established for the purpose of issuing asset-backed securities.</p>
B.21	A description of the issuer's principal activities including a global overview of the parties to the securitisation programme including information on the direct or indirect ownership or control between those parties.	<p><i>Issuer</i></p> <p>The Issuer's principal activity is to issue debt securities (such as the Bonds) and to lend the proceeds of issue to exempt charities or registered charities in the United Kingdom (such as Greensleeves Homes Trust) to be applied in the achievement of the relevant charity's objects. The Issuer was established as an issuing vehicle to enable exempt charities or registered charities to raise capital in the bond market. The Issuer is not itself a charity.</p> <p>The principal parties relevant to the issue of the Bonds are:</p>

		<p>(i) Retail Charity Bonds PLC as Issuer of the Bonds;</p> <p>(ii) Allia Impact Finance Ltd. as the servicer (the “Servicer”) in respect of the Bonds and the Loan Agreement (as defined below);</p> <p>(iii) the Charity as borrower under the Loan Agreement between the Issuer and the Charity;</p> <p>(iv) Prudential Trustee Company Limited as trustee (the “Trustee”) in respect of the Bonds;</p> <p>(v) The Bank of New York Mellon, London Branch as registrar (the “Registrar”) in respect of the Bonds; and</p> <p>(vi) The Bank of New York Mellon, London Branch as agent (the “Agent”).</p> <p>There are no relationships of direct or indirect control between the parties listed above.</p>															
B.22	Where, since the date of incorporation or establishment, an issuer has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect.	<p><i>Issuer</i></p> <p>Not Applicable. The Issuer has published audited condensed financial statements for the period from the date of its incorporation on 14 March 2014 to 31 August 2015 and for the year ended 31 August 2016.</p>															
B.23	<p>Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information.</p> <p><i>Issuer</i></p> <p>The financial information below has been extracted from the Issuer’s audited financial statements for the period from the date of its incorporation on 14 March 2014 to 31 August 2015 and for the year ended 31 August 2016.</p> <p><i>Profit and Loss Account</i></p> <table> <tr> <th></th><th>Period ended 31 August 2015</th><th>Year ended 31 August 2016</th></tr> <tr> <th></th><th>£’000</th><th>£’000</th></tr> <tr> <td>Turnover</td><td>32</td><td>37</td></tr> <tr> <td>Interest receivable and similar income</td><td>941</td><td>2,045</td></tr> <tr> <td>Interest payable and similar charges</td><td>(941)</td><td>(2,045)</td></tr> </table>			Period ended 31 August 2015	Year ended 31 August 2016		£’000	£’000	Turnover	32	37	Interest receivable and similar income	941	2,045	Interest payable and similar charges	(941)	(2,045)
	Period ended 31 August 2015	Year ended 31 August 2016															
	£’000	£’000															
Turnover	32	37															
Interest receivable and similar income	941	2,045															
Interest payable and similar charges	(941)	(2,045)															

		Other income	59	22
		Administrative expenditure	(89)	(59)
		Profit before taxation	2	-
		Tax	-	-
		PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2	-
		<i>Balance sheet</i>		
			As at 31 August 2015	As at 31 August 2016
			£'000	£'000
		Current assets		
		Debtors: amounts due after more than one year	37,667	57,435
		Debtors: amounts due after less than one year	513	832
		Cash at bank and in hand	2	111
			38,182	58,378
		Creditors		
		Amounts falling due within one year	(463)	(891)
		Net current assets	37,719	57,487
		Creditors		
		Amount falling due after one year	(37,667)	(57,435)
		Net assets	52	52
		Capital and reserves		
		Share capital	50	50
		Profit and loss account	2	2
		Shareholder's funds	52	52
B.24	A description of any material adverse change in the prospects of the issuer since the date of its last published audited financial statements.	<i>Issuer</i> There has been no material adverse change in the financial position or prospects of the Issuer since 31 August 2016.		
B.25	A description of the underlying assets including: <ul style="list-style-type: none"> confirmation that the securitised assets backing the issue have 	<i>Issuer</i> <i>Capacity to produce funds</i> The proceeds from the issue of the Bonds (other than the Retained Bonds) will be loaned by the Issuer to the Charity by way of a loan (the “ Initial Advance ”) on the terms of a loan agreement (the “ Loan Agreement ”) to be entered into between the Issuer and the Charity on 30 March 2017 (the “ Issue Date ”).		

	<p>characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities</p> <ul style="list-style-type: none"> • a description of the general characteristics of the obligors and in the case of a small number of easily identifiable obligors, a general description of each obligor • a description of the legal nature of the assets • loan to value ratio or level of collateralisation • Where a valuation report relating to real property is included in the prospectus, a description of the valuation. 	<p>On any date on which the Issuer sells the Retained Bonds, in whole or in part from time to time, subject to, amongst other things, the receipt by the Issuer of the net sale proceeds thereof, the Issuer will make a further advance (a “Retained Advance”) under the Loan Agreement with a principal amount equal to the principal amount of the Retained Bonds sold, where such Retained Advance will be made in an amount equal to the gross sale proceeds of the Retained Bonds so sold (the “Retained Bond Actual Advance Amount”). If such sale of Retained Bonds is made at a discount or premium to the principal amount of such Retained Bonds, the relevant Retained Advance shall correspondingly be made at a discount, or premium, as applicable.</p> <p>The aggregate principal amount of the Initial Advance and any Retained Advances made under the Loan Agreement, or the principal amount outstanding of such amounts from time to time, shall be the “Loan”.</p> <p>Any difference between the principal amount of an advance and the relevant Retained Bond Actual Advance Amount shall be ignored in determining the amount of the Loan and, amongst other things, the calculation of interest, principal and any other amounts payable in respect thereof.</p> <p>Where the Issuer is required to sell any Retained Bonds in order to fund an advance, the Issuer’s obligations to fund such advance will be subject to the ability of the Issuer to sell such Retained Bonds to a third party.</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>For so long as any Retained Bonds are held by or on behalf of the Issuer, the Charity may request that an amount of the undrawn portion of the Commitment (as defined in the Loan Agreement) be cancelled (provided that such amount does not exceed the principal amount of Retained Bonds held by or on behalf of the Issuer at that time). As soon as practicable following any such request, the Issuer shall cancel Retained Bonds in a corresponding amount. Such cancellation of the undrawn portion of the Commitment shall take effect upon the cancellation of such Retained Bonds.</p> <p>Payments of interest and principal by the Issuer in respect of the Bonds will be funded solely by the interest and principal which the Issuer receives from the Charity under the Loan. 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 the Charity has agreed to make payments of interest and repayments of principal under the Loan two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds</p>
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		<p>and subject to any withholding 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 (other than in respect of the Retained Bonds).</p> <p>The Loan Agreement contains certain covenants which the Charity has agreed to comply with from time to time such as, for example: (i) a requirement that, as at each relevant testing date, the sum of (A) the group's unencumbered properties (that is, those not subject to any security in favour of a third party), (B) tangible fixed assets (as set out in the Charity's latest financial statements), (C) cash and investments that are deemed equivalent to cash (such as UK government bonds) (subject to a cap of £5,000,000) and (D) cash held in a bank account specifically earmarked for repayments under the Loan Agreement is not less than 130 per cent. of the total unsecured debt of the group; and (ii) a requirement that the Charity will not (and will ensure that its subsidiaries do not) create any security to secure any financial indebtedness (a "Secured Borrowing") unless, immediately after incurring such Secured Borrowing, the ratio of the Charity's Secured Borrowings to the sum of (A) fixed assets (as set out in the Charity's latest financial statements and adjusted for any impairments), (B) cash and investments that are deemed equivalent to cash (such as UK government bonds) (subject to a cap of £5,000,000) and (C) cash held in a bank account specifically earmarked for repayments under the Loan Agreement is not greater than 1:4.</p> <p><i>Brief description of the obligor (i.e. the Charity)</i></p> <p>The Charity is the sole borrower under the Loan. The Charity is a registered charity in England and Wales (No. 1060478) and is registered with Companies House as a private limited company (Company No. 3260168).</p> <p><i>Legal nature of the assets</i></p> <p>The underlying asset is the Loan Agreement. The Loan Agreement will be governed by English law. The Issuer's rights to receive payments under the Loan from the Charity and certain related rights under the issue documents for the Bonds will be charged as security for the benefit of the investors in the Bonds. This means that if the Charity fails to make payments of interest or repayments of 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 holders of the Bonds (the "Bondholders")) may enforce the terms of the Loan against the Charity. If any amounts are recovered, they will be available, following payment of certain costs related to enforcement (such as the fees of the Trustee), for payment to the Bondholders.</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</p>
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		<p>Issuer fails to make payments in respect of the Bonds will be the Issuer's rights under the Loan Agreement and the related rights under the issue documents. The Bondholders will not have recourse to the other assets of the Issuer in connection with the other bond issues.</p> <p><i>Loan to value ratio</i></p> <p>The principal amount of the Loan will be equal to the principal amount of the Bonds (other than the Retained Bonds). The interest rate payable by the Charity under the Loan Agreement will be identical to the interest rate payable on the Bonds (save that the Charity has agreed to make payments of interest and repayments of principal under the Loan two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds). The Charity will pay an additional sum to the Issuer under the Loan Agreement to cover the payment of general expenses relating to the Issuer.</p> <p><i>Valuation report</i></p> <p>Not applicable. There is no valuation report included in the Prospectus.</p>
B.26	In respect of an actively managed pool of assets backing the issue a description of the parameters within which investments can be made, the name and description of the entity responsible for such management including a brief description of that entity's relationship with any other parties to the issue.	<p><i>Issuer</i></p> <p>Not applicable. The Loan will be the sole asset backing the issue of the Bonds. There will not be an actively managed pool of assets.</p>
B.27	Where an issuer proposes to issue further securities backed by the same assets a statement to that effect.	<p><i>Issuer</i></p> <p>The Issuer may issue further Bonds, which could be consolidated and form a single series of bonds with the Bonds. In such circumstances, the size of the Loan would be increased in an amount which corresponds to the principal amount of the further Bonds issued.</p>

B.28	A description of the structure of the transaction, including, if necessary, a structure diagram.	<p>Cash flows</p> <pre> graph TD BH[BONDHOLDERS] <--> Bonds RC[BONDHOLDERS] RC <--> Loan Agreement GH[GREENSLEEVES HOMES TRUST (Charity)] </pre> <p>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.</p> <p><i>Issuer</i></p> <p>The Issuer will issue the Bonds and loan the proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) to the Charity on the terms of the Loan Agreement. The Charity will agree to pay interest on the Loan and when due it will agree to repay the principal amount of the Loan to the Issuer. Payments of interest and principal made by the Issuer in respect of the Bonds will be solely funded by the interest and principal which the Issuer receives from the Charity under the Loan Agreement.</p> <p>The Issuer will assign by way of security its right to receive interest and principal under the Loan Agreement to the Trustee. The Trustee will hold that right for the benefit of the Bondholders and certain other secured parties. As such, if the Charity does not 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 Bondholders) may enforce the terms of the Loan against the Charity for the benefit of the Bondholders and for the benefit of certain other secured parties.</p>
B.29	A description of the flow of funds including information on swap counterparties and any other material	<p><i>Issuer</i></p> <p>Payments in respect of the Bonds will be funded by the interest and principal payable on the Loan Agreement. No swaps will be entered into nor will any other form of credit or liquidity enhancement be provided in connection with the Bonds.</p>

	forms of credit/liquidity enhancements and the providers thereof.	
B.30	The name and a description of the originators of the securitised assets.	<p><i>Issuer</i></p> <p>The Loan Agreement will be entered into between the Issuer and the Charity. Payments of interest and principal due on the Bonds are backed by payments due on the Loan Agreement. Bondholders have access to the payments due on the Loan Agreement through the security that has been granted by the Issuer in favour of the Bondholders over its rights in respect of the Loan Agreement. If the Charity does not meet its obligations under the Loan Agreement resulting in an event of default under the terms and conditions of the Bonds, the Bondholders may instruct the Trustee to enforce the security and take control of the Loan.</p> <p><i>Charity</i></p> <p>The Charity is Greensleeves Homes Trust and is a registered charity providing residential care for the elderly and disabled, operating across the UK.</p>

Section C – Securities

Element	Title	
C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.	<p>The 4.25 per cent. Bonds due 30 March 2026 (including Retained Bonds) (the “Bonds”) will be issued in registered form. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100.</p> <p>The International Securities Identification Number (“ISIN”) for the Bonds is XS1575974933 and the Common Code is 157597493.</p>
C.2	Currency of the securities issue.	Pounds Sterling (“£”).
C.5	A description of any restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Bonds.
C.8	A description of the rights attached to the securities including: <ul style="list-style-type: none"> ranking limitations to those rights 	<p><i>Ranking</i></p> <p>The Bonds will constitute direct, limited recourse obligations of the Issuer, secured in the manner described under “<i>Security</i>” below, and will rank <i>pari passu</i> (i.e. equally in right of payment) among themselves.</p> <p>Payments in respect of the Bonds will be solely funded by the interest and principal payable on the Loan Agreement (and, if</p>

		<p>available, by repayments of any income tax withheld by the Charity on payments of interest on the Loan). The obligations of the Issuer to the Bondholders in respect of the Bonds are limited in recourse, which means that Bondholders will have no rights with respect to any loan agreements for any other series of bonds. See also “<i>Limited recourse</i>” below.</p> <p><i>Security</i></p> <p>The Trustee will take security over the Issuer’s rights arising under the Loan Agreement.</p> <p><i>Limited recourse</i></p> <p>Bondholders will have no rights or recourse with respect to any loan agreements for any other series of bonds issued by the Issuer.</p> <p><i>Enforcement</i></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 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 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.</p> <p><i>Taxation</i></p> <p>All payments in respect of the Bonds by the Issuer and the Loan by the Charity will be made without deduction for or on account of taxes imposed by the United Kingdom or any political subdivision or any authority thereof or therein having power to tax unless such deduction is required by law. In the event that any such deduction is made, neither the Issuer nor the Charity (as applicable) will be required to pay additional amounts to cover the amounts so deducted.</p> <p><i>Events of default</i></p> <p>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:</p> <p>(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;</p>
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		<p>(b) non-performance or non-observance by the Issuer of any other obligations under the conditions of the Bonds or the Trust Deed, continuing for a specified period of time;</p> <p>(c) certain events relating to the insolvency or winding-up of the Issuer; and</p> <p>(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 is not remedied within 30 days of the occurrence thereof.</p> <p><i>Meetings</i></p> <p>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.</p> <p><i>Governing law</i></p> <p>English law.</p>
C.9	<p>A description of the rights attached to the securities including:</p> <ul style="list-style-type: none"> • the nominal interest rate • the date from which interest becomes payable and the due dates for interest • where the rate is not fixed, description of the underlying on which it is based • maturity date and arrangements for the amortisation of the loan, including the 	<p><i>Interest</i></p> <p>The Bonds bear interest from their date of issue at the fixed rate of 4.25 per cent. per annum. The yield of the Bonds is 4.25 per cent. on an annual basis until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 30 March and 30 September 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.</p> <p><i>Redemption</i></p> <p>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 30 March 2026 (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 30 March 2028 (the “Legal Maturity Date”).</p> <p>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. The Sterling Make-</p>

	<p>repayment procedures</p> <ul style="list-style-type: none"> an indication of yield name of representative of debt security holders 	<p>Whole Redemption Amount 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 Bondholders the same yield on the money that was originally invested as they would have received had the Bonds not been redeemed.</p> <p><i>Representative of holders</i></p> <p>Prudential Trustee Company Limited will act as Trustee for the Bondholders and Allia Impact Finance Ltd. will act as Servicer for the Issuer.</p>
C.10	If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	Not Applicable. The rate of interest payable on the Bonds is 4.25 per cent. per annum and does not contain a derivative component.
C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.	The Bonds will be listed on the Official List of the Financial Conduct Authority and admitted to trading on the regulated market of the London Stock Exchange plc and through the London Stock Exchange's electronic Order book for Retail Bonds ("ORB").
C.12	The minimum denomination of an issue.	The Bonds will be issued in denominations of £100.

Section D – Risks

Element	Title	
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Element	Title	
D.2	Key information on the key risks that are specific to the issuer.	<p><i>Issuer:</i></p> <ul style="list-style-type: none"> • 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, 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 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. • 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 the Bondholders. <p><i>Charity:</i></p> <ul style="list-style-type: none"> • The Charity's operations are subject to regulation by the Care Quality Commission pursuant to statutory legislation, and any future changes in the regulatory landscape could lead to increased costs for the Charity. • Future changes in demographics, life expectancy, expectations and trends as to care provision may require an upgrade of the Charity's current facilities and services. If not identified or adequately planned for in advance, the Charity might not be able to meet market demands and may face a decrease in revenue. • The Charity's revenue is driven by occupancy level. While a future increase in life expectancy of the population has been predicted, this does not correlate to age-specific dependency rates and the Charity may face falling occupancy levels if the latter decreases at a faster rate. • The Charity faces a risk of legal action from occupants and staff, which could result in an increase in insurance premiums (if the claims are covered by insurance) and also lead to adverse publicity for the Charity, affecting its business.

Element	Title	
		<ul style="list-style-type: none"> Industry competition may reduce the Charity's ability to retain existing residents or attract new residents. While the Charity continually seeks to track its competitors' offerings and local demands, the Charity's future performance is not assured and its revenue may be impacted detrimentally by strong competition. It is intended that the Charity shall make payments due under the Loan Agreement from available reserves accumulated within the Charity's business. While there exist procedures to constantly monitor, review and report on the Charity's ability to meet its payment obligations, it remains possible that the Charity may have to refinance the Loan, and in such instances, its ability to refinance would depend on the prevailing economic conditions.
D.3	Key information on the key risks that are specific to the securities.	<ul style="list-style-type: none"> 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. The Bonds are not protected by the UK Financial Services Compensation Scheme. 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 pay interest at a fixed rate and the Issuer will pay principal and interest on the Bonds in pounds sterling, which potentially exposes Bondholders to interest rate risk, inflation risk and exchange rate risk. 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 a withholding or deduction for or on account of tax in respect of payments due on the Loan by the Charity result in a shortfall in the amounts available to the Issuer to pay interest due on the Bonds, such shortfall shall be deferred

Element	Title	
		<p>and shall become due and payable on the next interest payment date to the extent that the Issuer has sufficient funds (in accordance with its priority of payments) to pay such shortfall.</p> <ul style="list-style-type: none"> • Bondholders may not receive payment of the full amounts due in respect of the Bonds as a result of amounts being withheld by the Issuer or the Charity in order to comply with applicable law. • Defined majorities may be permitted to bind all the Bondholders with respect to modification and waivers of the terms and conditions of the Bonds. • If the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Companies Regulations 2006 (S.I. 2006/3296) (or subsequently does not), then the Issuer could suffer tax liabilities not contemplated in the cash flows for the transaction described herein.

Section E – Offer

Element		
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.	<p>The proceeds from the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the 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 in furtherance of its charitable objects, including, but not limited to the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities for the relief of persons who are in need by reason of age, ill-health or disability.</p> <p>The proceeds will also be used to refinance, in full, existing financial indebtedness and redevelopment of some existing properties.</p>
E.3	A description of the terms and conditions of the offer.	<p>The Offer is expected to open on 7 March 2017 and close at 12.00 noon (London time) on 24 March 2017 or such other time and date as may be agreed between the Issuer and the Manager and announced via a Regulatory Information Service.</p> <p>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.</p> <p>The Bonds will be issued at the issue price (which is 100 per cent. of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the issue size</p>

		<p>announcement published by the Issuer on a Regulatory Information Service.</p> <p>The issue of Bonds is conditional upon (i) a subscription agreement being signed by the Issuer and the Manager on or about 28 March 2017 (the “Subscription Agreement”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 28 March 2017 (the “Commitment Agreement”); and (iii) the Loan Agreement being signed by the Issuer and the Charity on or about 30 March 2017. 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 from the independent auditors of the Charity satisfactory to the Manager).</p> <p>The minimum subscription amount per investor is for a principal amount of £500 of the Bonds.</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests.	<p>The Manager will be paid aggregate commissions equal to 0.50 per cent. of the nominal amount of the Bonds issued. The Authorised Offerors will also receive commissions of up to 0.25 per cent. of the nominal amount of the 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.</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	<p>Not Applicable. 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.</p>

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RISK FACTORS

The following section sets out certain risks relating to an investment in the Bonds, including risks relating to the Issuer's ability to make payments under the Bonds, risks relating to the Charity's ability to make payments under the Loan Agreement and risks relating to the structure of the Bonds.

RISK FACTORS

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

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 (see Appendix B ("*Terms and Conditions of the Bonds*"). The proceeds of the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the 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.

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.

The Issuer is under no obligation to monitor the performance by the Charity of the Loan Agreement

The Issuer is under no obligation to investigate or monitor the continued compliance by the Charity of the covenants in the Loan Agreement and is entitled to assume without enquiry that no event of default has occurred under the Loan Agreement.

In addition, the Issuer is under no obligation to take any action (including any enforcement action following the occurrence of an event of default under the Loan Agreement) in relation to the Charity or in respect of its rights under the Loan Agreement.

Investors should note that the Charity has agreed to deliver certain information to Allia Impact Finance Ltd. (the “**Servicer**”) (copied to the Issuer) pursuant to the terms of the Loan Agreement including (i) its audited annual report and accounts; (ii) a compliance certificate confirming whether a default is continuing at the relevant time; and (iii) an annual statement of social impact. The forms of such compliance certificate and annual statement of social impact are set out in Appendix D (“*Loan Agreement*”) and Schedules 1 (“*Form of Compliance Certificate*”) and 2 (“*Form of Annual Statement on Social Impact*”) to the Loan Agreement. In addition, the Charity is required to notify the Issuer of any default under the Loan Agreement promptly upon becoming aware of its occurrence. Investors should note, however, that the Issuer shall not be responsible for reviewing or monitoring the receipt of any such information and that Bondholders will therefore be responsible for reviewing such information and deciding upon a course of action to be taken in relation to it.

The Issuer has agreed to forward such information to Prudential Trustee Company Limited (the “**Trustee**”) under the trust deed dated 26 June 2014 as supplemented from time to time and to publish the information received from the Charity from time to time required to be delivered under the Loan Agreement on its website at <http://www.retailcharitybonds.co.uk/bonds/greensleeves>. In practice, the Servicer will forward this information to the Trustee and publish such information on the Issuer’s website on behalf of the Issuer in accordance with the terms of the Services Agreement dated 26 June 2014 (the “**Services Agreement**”). All such information from the Charity will be made available to the Servicer and copied to the Issuer, in order that the Servicer can perform its functions in relation to such information as described in this paragraph.

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 incurring losses 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 Bonds 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 lead to losses on the Bonds.

Bondholders cannot rely on any person other than the Issuer to make payments on the Bonds

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.

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.

FACTORS THAT MAY AFFECT THE CHARITY'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE LOAN AGREEMENT

Regulatory Issues

The Charity is regulated and inspected by the Care Quality Commission ("CQC") – please see "*Description of the Charity – Regulatory Landscape*".

Any adverse findings of a CQC inspection could result in adverse publicity and will also be drawn to the attention of the relevant part of the local authority responsible for that geographic area. This could result in the loss of contracts and might have a material adverse effect on the business, results of operations, financial condition or prospects of the Charity. If the CQC findings are seriously adverse, the CQC can mandate a temporary halt to admissions of new residents to a home and in extreme circumstances, the CQC have the power to order the closure of a home, although this is rarely effected in practice due to the significant impact that a closure will have on the residents.

In some cases, registered managers may need to be replaced (either due to adverse findings or due to natural changes in personnel) and, in such circumstances, a new registered manager would need to be put in place and the relevant approval applied for.

No assurance can be given as to the impact of any possible changes in regulations after the date of this Prospectus. The residential care sector is highly regulated and there has been periodic change to the legislative regime over the last 17 years.

Changes in regulation could result in increased costs for the Charity. This, in turn, could adversely affect the ability of the Charity to make payments under the Loan Agreement and, in turn, the ability of the Issuer to make payments in respect of the Bonds.

In light of the above, the Charity maintains a governance system suitable to meet current regulatory requirements and also monitors CQC publications, updates and the CQC website to ensure its governance system remains valid. The Charity also provides regular updates and training to its managers and staff, as well as monthly Head Office visits to ensure compliance with the regulatory requirements.

Fee Income

The Charity generates surpluses for reinvestment back into the operation of the Trust and servicing of debt. Such surpluses are derived from fee income less operational, funding and other costs. The level of fees charged is therefore a key component in the operation of the Charity. There is no guarantee that the current ratio of fees to expenses can be maintained. A reduction in that ratio may impact the Charity's ability to make payments under the Loan Agreement, which would, in turn, have an impact on the Issuer's ability to make payments in respect of the Bonds.

In order to mitigate such risk, the Charity continually seeks improvement in the quality of care offered and invests in both existing and new facilities to maintain the environment necessary to continue to improve fee levels.

Staff

In common with all health providers, the Charity faces challenges in recruiting and retaining qualified staff, particularly nurses. This is being countered to some extent by government initiatives to increase the number of nurses entering or re-entering the profession. However, there can be no assurance that, with increased competition for suitably qualified staff, the Charity will succeed in recruiting and retaining staff.

The healthcare sector in the United Kingdom currently meets demand for staff, to a certain extent, by employing staff from outside the United Kingdom. However, there can be no assurance current government policies will not change, or that it will remain possible to employ staff from outside the United Kingdom. However, there can be no assurance that current government policies will not change, or that it will remain possible to employ staff from outside the United Kingdom, particularly following the UK exit from the European Union.

In order to mitigate such risk, the Charity ensures staff are appropriately remunerated by benchmarking pay levels in this sector. The Charity has been more successful in retaining staff this year compared to 2015 and staff turnover is significantly lower than the average 21.7 per cent. published by the National Care Forum.

Lack of suitable staff may result in use of more expensive agency staff, which may also lead to inconsistent standards of care. Additionally, the increase to the national minimum living wage proposed in the government's July 2015 budget may also result in increased costs over and above the usual inflationary levels. To the extent that these increased costs cannot be recovered through fee increases, the Charity's ability to make payments under the Loan Agreement and, in turn, affect the Issuer's ability to make payments under the Bonds may be adversely affected. However, the Charity maintains a regular review of its budgets and forecasts, which includes contingency for such fluctuations, and has historically been able to recover cost increase through increasing fee levels.

Occupancy Levels

Occupancy levels are a key driver to revenue of care home properties. The Office for National Statistics projects an increase in the population over 85 years of age over the next 20 years.¹ However, there can be no assurance that age-specific dependency rates will remain constant as life expectancy rises. Instead, as life expectancy rises, the number of years without dependency could rise by the same amount and, therefore, the number of years with dependency would remain constant. Falling overall demand may be matched by withdrawal of capacity, thus resulting in sustained occupancy levels. However, there can be no assurance that current levels of occupancy will be sustained. Any drop in occupancy levels will have an adverse effect on revenue, which may impact the Charity's ability to make payments under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

¹

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29> (Table 4)

Changes in Care Practice and Demographics

The method of care of residents changes from time to time as practice changes. Such developments may require the Charity to make changes currently not anticipated, which they may or may not be able to implement. Inability to maintain best practice may impact the Charity's operations and, in turn, the Charity's ability to meet its obligations under the Loan Agreement, and further in turn, may affect the Issuer's ability to make payments on the Bonds.

Additionally, there can be no assurance that the Charity's current facilities and services will suit any future changes in demographics, life expectancy, expectations and trends as to care provision. There may be costs implications in upgrading the Charity's current facilities and services to align with any new expectations/requirements and there is no assurance that the Charity will be able to provide its services in line with any new developments or demands. Any failure to identify and adequately plan for these changes may result in a decrease of revenue, which would adversely affect the Charity's ability to make payments under the Loan Agreement and, in turn, impact the Issuer's ability to make payments in respect of the Bonds.

Through involvement with appropriate networks and intelligence from government statistics and forecasts, the Charity ensures it is aware and up-to-date with emerging trends and, where necessary, seeks to adapt service provision to recognise the changes in demographics and demand. In particular, the Charity has in place an ongoing refurbishment and upgrading programme for its existing portfolio of care homes. Furthermore, the Charity invests in new properties which are up-to-date and in line with emerging trends.

Failure to comply with laws and compliance requirements

The Charity knows the significance to its operations of, and is focused on adhering to, all legal and compliance legislation. The Charity is not currently aware of any material failure to adhere to applicable health and safety or environmental laws, litigation or of any breach of regulatory laws, or failure to comply with corporate, employment or taxation laws. If any such breach or failure were to occur, this could have an adverse impact on the Charity's results of operations. Consequently, the Charity engages with appropriate networks and organisations to ensure that all relevant legislation is tracked and regularly reviews its existing policies.

Furthermore, the Charity has the benefit of insurance for, among other things, employer's liability, public liability and professional indemnity at a level which the management of the Charity considers to be prudent for the type of business in which the Charity is engaged and commensurate with registered providers of a similar size.

To date, litigation claims made against the Charity have not had a material impact on the revenue or business of the Charity, although there can be no assurance that the Charity will not, in the future, be subject to a claim which may have a material impact upon its revenue or business. Any such claims may have an adverse impact on the Charity's ability to make payments under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Business Growth

As the Charity continues to grow its operations, it will require additional funds to acquire operating homes, build new facilities and develop and expand homes in its existing portfolio. The Charity may require further third party financing to achieve its strategic growth targets. The Charity will also consider alternative forms of finance (such as leasing homes and bank debt). However, there is no assurance that the Charity will be able to access such financing in order to grow its current operations. Any such failure to grow its operations may have an adverse impact on the Charity's ability to make payments under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Additionally, the Charity is required to carefully select new investment opportunities in both existing, operating and new-build care homes. The Charity employs rigorous and multi-level appraisal techniques and ensures

extensive due diligence from external and internal advisers before committing to material investments. However, poor selection of new investments could adversely affect the ability of the Charity to make payments under the Loan Agreement. This, in turn, would adversely affect the ability of the Issuer to make payments in respect of the Bonds.

Furthermore, new buildings and developments are subject to project risks such as cost overruns and delays, which can severely impact the new home's ability to generate revenue. Due to the lack of qualified building contractors in the market to provide the required services, the costs of the Charity may increase as a result of higher quotations from the limited pool of available contractors. Once building and/or development is complete, there is a risk that the new home will not operate effectively for a variety of reasons, such as inadequate staffing, low occupancy rates or a delay between completion and the achievement of optimum operational efficiency. Any of these factors may lead to a loss of reputation and/or a loss of income for the Charity. In order to mitigate such risks, the Charity undertakes thorough checks on its developer and contractors and utilises penalty clauses where possible. However, any such loss of reputation and/or loss of income may have an adverse impact on the Charity's ability to make payments under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Competition

The Charity is aware that there are competitors in the market who may offer better pricing, higher standards or a wider range of care. There may also be competitors with a more recognised brand. Competition in the healthcare sector may reduce the ability of the Charity to retain existing residents or attract new residents, which would have a direct impact on the Charity's revenue. A reduction in revenue may impact the Charity's ability to make payments under the Loan Agreement, which would, in turn, have an impact on the Issuer's ability to make payments in respect of the Bonds. Through regular stakeholder surveys, the Charity tracks its competitors' offerings and local demands and, where possible, the Charity will seek to equal or better those offerings, although no assurance can be given that the Charity will succeed in such an endeavour.

Public Sector Funding

An element of the Charity's income is or may be derived from publicly funded sources, principally local authorities or the National Health Service. Local authorities have cash-limited budgets and this affects the scope of care services funded by them. The level of resources that the UK government makes available to local authorities to fund community care, therefore, is a factor to the Charity's results of operations.

As at the year ended 31 March 2016, 24.2 per cent. of residents in a Greensleeves home were publicly funded, which is broadly in line with historic performance.

The Government has significantly reformed care and support funding through the Care Act 2014 ("CA") following recommendations by the Dilnot Commission. Part of the CA came into effect from April 2015, with major reforms including a care cap and account not due to come into operation until April 2020.

The impact of these changes on public funding could have an adverse impact on the Charity's operations. The future availability of public finance could also be affected by political considerations.

Downward pressure on fee income in respect of residential care or nursing homes could adversely affect the ability of the Charity to make payments under the Loan Agreement. This, in turn, would adversely affect the ability of the Issuer to make payments in respect of the Bonds.

Failure by privately funded occupants to pay rent when due

Occupants of the Charity's care homes are, insofar as they are not publicly funded, personally responsible for the rental payments on the relevant occupied properties. In the event that any such tenants fail to pay rent in full on

a timely basis, this could also affect the ability of the Charity to meet its payment obligations on a timely basis under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

The year-end arrears position of the Charity for the last two years has been 2.8 per cent. (as at 31 March 2016) and 2.4 per cent. (as at 31 March 2015) of gross rent. The non-payment, or any delay in payment of material amounts of rental income, could affect the ability of the Charity to meet its payment obligations under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds. In order to minimise bad debts, the Charity reviews debtors monthly and have in place set procedures to follow in the event of non-payment. The Charity may find it difficult to pass on future operating cost increases to residents, whether funded privately or publicly, particularly if operating cost increases are in excess of prevailing inflation rates. A proportion of the privately funded residents are on fixed incomes, which could be adversely affected in an economic downturn. However, during the 2008-2011 recession and the subsequent period of low interest rates, the Charity's revenues remained sufficient to maintain a surplus.

Claims and reputational risks

Given the nature of its business, the Charity may from time to time face legal action from occupants in relation to their care, and from staff for work-related incidents. Although such liability is subject to insurance cover, if the claims record worsens, insurance may become more expensive and this may have an adverse effect on the Charity's operations and revenue. In addition, if there were to be high profile claims, or allegations of mistreatment or abuse, the reputation of the Charity, and, therefore, their business, might suffer. This may affect the Charity's ability to make payments under the Loan Agreement and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Buildings Insurance

The Charity has in place comprehensive insurance cover against the risk of physical destruction of or damage to physical assets including by means of fire, subsidence, storm damage, contaminated land, asbestos and subsidence problems.

Any failure by the Borrower to keep the relevant insurance policies current in respect of a relevant property may, on the occurrence of any damage to such property, which would otherwise have been recoverable under such insurance policy, result in a corresponding loss in the value of such property. Similarly, even where the relevant insurance policy is current, there could be an administrative delay in obtaining payment by the Charity from the insurers, which could affect the ability of the Charity to meet its respective payment obligations during that period of delay.

Certain types of risks and losses (such as losses resulting from war or terrorism) may be or become either uninsurable or not economically insurable or are not covered by the insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Charity might not have sufficient funds to repay in full all amounts owing under Loan Agreement, which would impact the ability of the Issuer to pay all amounts owing under the Bonds.

Refinancing risk

The current intention of the Charity is to repay the Loan Agreement from available reserves to be built up within the business. In addition to the monitoring of key performance indicators, detailed monthly management reporting and regular review of the reserves policy ensures that there are sufficient funds to meet the Charity's needs. However, there is a possibility that the Charity will need to incur new indebtedness in order to refinance the Loan Agreement. In that event, the availability of credit for the Charity to refinance the Loan under the Loan Agreement will be significantly dependent upon economic conditions then prevailing in the United Kingdom, being the market where its operations are based, as well as the willingness and ability of lenders to make such loans.

Such lenders typically include banks, insurance companies and finance companies. The availability of funds in the credit markets fluctuates and there can be no assurance that the availability of such funds will remain at or increase above, or will not contract below, current levels. If the Charity is unable to obtain additional financing, it may not be able to meet its obligations under the Loan Agreement, which would, in turn, affect the Issuer's ability to make payments in respect of the Bonds.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS

Risks relating to the particular structure and nature of 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 30 March 2028 (the "Legal Maturity Date")

The Loan Agreement will provide for repayment of the loan by the Charity on 30 March 2026 (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 30 March 2026 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 30 March 2028 (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.

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.

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 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 incur losses on the Bonds.

The Servicer is under no obligation to take enforcement action in relation to the Loan Agreement

The Servicer does not have any duties in relation to taking enforcement action or seeking to make recoveries under the Loan Agreement. In the event that the Charity has defaulted under the Loan Agreement giving rise to the occurrence of an event of default in respect of the Bonds, the Trustee (subject to it being indemnified, secured and/or pre-funded to its satisfaction and acting on the instructions of Bondholders in accordance with the Trust Deed and the conditions of the Bonds) shall be responsible for accelerating the Loan Agreement and taking action against the Charity to enforce the Issuer's rights under the Loan Agreement (including, without limitation, the appointment of a receiver in respect of the Loan Agreement). Investors should note that the Issuer is not responsible for and will not itself enforce the terms of, or seek to make recoveries under, the Loan Agreement.

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.

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 (the “**Paying Agent**”). 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 by the Charity. 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, there may be an adverse effect on the amount of principal or interest receivable by Bondholders under the terms of the Bonds.

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

The 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.

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 introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (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 does not), then the Issuer could be subject to additional tax liabilities not contemplated in the cashflows for the transaction described in this Prospectus which could adversely affect its ability to make payments on the Bonds.

In addition, even if the Issuer does satisfy the conditions to be taxed in accordance with the Securitisation Regulations, in certain limited circumstances taxes which are due from but remain unpaid by persons connected with the Issuer for certain tax purposes (such as Holdings, persons who control Holdings, and persons controlled by any of them) may become payable by the Issuer, which could adversely affect its ability to make payments on the Bonds.

Withholding tax on the Bonds

Although no withholding tax is currently imposed under the laws of the United Kingdom on payments of interest or principal on the Bonds (for so long as these remain listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007), there can be no assurance that the law will not change and pursuant to Condition 11 (“*Taxation*”) of Appendix B (“*Terms and Conditions of the Bonds*”) the Issuer shall withhold or deduct from any such payments any amounts on account of tax where so required by applicable law. The Issuer is not required to make any “gross up” payments in respect of any withholding tax applied in respect of payments on 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.

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.

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.

Risks relating to 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, Peel Hunt LLP (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.

3

DESCRIPTION OF THE CHARITY

This section sets out information about the Charity.

DESCRIPTION OF THE CHARITY

Incorporation and Regulatory

Greensleeves Homes Trust (the “**Charity**”) was incorporated on 8 October 1996 as Charis (58) Limited. It is a registered charity in England and Wales (No. 1060478) and is registered with the England and Wales Companies House as a private limited company (Company No. 3260168). The registered address of the Charity is Unit 2 Regent Terrace, Rita Road, London, SW8 1AW.

The Charity is regulated by the Charity Commission and is also subject to regulation by the Care Quality Commission (“**CQC**”). As a result of its charitable status, the Charity must also comply with the Charities Act 2011. The Charity is operated on a not-for-profit basis so all funds available are invested back into its operations.

Background and History

The Charity is a growing charitable organisation, which provides care for older people in its residential, dementia and nursing homes across England. The Charity commenced operations in 1997 when the Women’s Royal Voluntary Service (“**WRVS**”) decided to transfer the ownership and management of its care homes to an independent organisation. The newly formed Charity took its name from the green arm bands (or sleeves) worn by WRVS volunteers during World War II.

As an organisation, the Charity is constantly adapting to meet the needs of older people. The Charity has successfully introduced the Eden Alternative approach to care, to improve the quality of life for residents at all of its care homes. The Eden Alternative principles provide a framework to transform traditional approaches to care.

The Charity aims to set and maintain the highest standards of good practice within an environment that encourages residents to thrive as individuals and employees to fulfil their ambitions as caring professionals.

The quality of care provided to residents is of paramount importance to the Charity and this ultimately drives all operational issues within the Charity. This has been recognised through national and local awards for a number of homes and above industry average performance in ratings awarded by the regulatory body, the CQC.

As a charitable trust, the Charity operates on a not-for-profit basis, so all funds available are invested back into the operations of the Charity. In this way, Charity is able to offer care and services to residents whilst charging comparatively modest fees.

The Charity currently has one subsidiary, Greensleeves Developments Limited (together with the Charity, the “**Group**”), whose accounts are consolidated into the Charity’s financial statements. The subsidiary is currently considered dormant but is kept in existence in case a trading subsidiary is required for future activities.

Business Description and Principal Activities

In the year ended 31 March 2016, the Charity’s average number of staff was 926. As at 31 March 2016, the Charity was able to care for up to 789 residents in 20 homes that provide a mix of residential, dementia and nursing care for older people. The homes are located in the Southern half of England as follows:

Home’s name	CQC	
	Registered Beds	% of portfolio

Arden House, Leamington Spa, Warwickshire	33	4.18%
Borovere, Alton, Hampshire	30	3.80%
The Briars, Sandown, Isle of Wight	38	4.82%
Broadlands, Oulton Broad, Suffolk	52	6.59%
Croxley House, Croxley Green, Hertfordshire	33	4.18%
De Lucy House, Diss, Norfolk	60	7.60%
Gloucester House, Sevenoaks, Kent	54	6.84%
Grosvenor House, St Leonards on Sea, East Sussex	33	4.18%
Harleston House, Lowestoft, Suffolk	39	4.94%
Kingston House, Derry Hill, Calne, Wiltshire	46	5.83%
Mount Ephraim House, Tunbridge Wells, Kent	38	4.82%
Pelsall Hall, Pelsall, Walsall, West Midlands	41	5.20%
Queen Elizabeth House, Bickley, Kent	28	3.55%
St Cross Grange, Winchester, Hampshire	64	8.11%
Sharnbrook House, Sharnbrook, Bedfordshire	30	3.80%
Speirs House, New Malden, Surrey	35	4.44%
Thornbank, Ipswich, Suffolk	33	4.18%
Tickford Abbey, Newport Pagnell, Buckinghamshire	32	4.06%
Torkington House, Acton, London	32	4.06%
Viera Gray House, Barnes, London	38	4.82%
Total	789	100.00%

Two homes, Gloucester House and Speirs House, specialise in offering nursing care. Together, they represent 11.28% of the Charity's total CQC registration.

The Charity seeks to operate a sustainable business model and balances its resident funding accordingly. Historically, a mix of 75 per cent. privately funded and 25 per cent. publicly funded residents has been felt appropriate. The Charity is therefore less reliant on public sector funding than many other operators. For the year ended 31 March 2016, the Charity charged an average weekly fee of £735² versus an industry benchmark of £694³

² GHT Financial Statements for year ended 31 March 2016

³ Knight Frank 2016 Care Homes Trading Performance Review

The CQC monitors, inspects and regulates care homes in the UK, providing an overall rating for each home and also individual ratings covering the categories of “safety”, “effectiveness”, “care”, “responsiveness” and “well lead”. The CQC has inspected 19 of the Charity’s 20 homes and rated 84.2 per cent. of these either outstanding or good. This compares favourably with the sector average of approximately 73 per cent. of either outstanding or good.

The Charity’s 2016 performance in inspections against the CQC benchmark is shown below

	Inadequate		Requires improvement		Good		Outstanding	
	CQC	GHT	CQC	GHT	CQC	GHT	CQC	GHT
Safe	3.0%	0.0%	28.0%	15.8%	68.0%	84.2%	0.5%	0.0%
Effective	1.0%	0.0%	23.0%	21.1%	75.00%	78.9%	1.0%	0.0%
Caring	0.5%	0.0%	7.5%	0.0%	90.00%	89.5%	2.0%	10.5%
Responsive	1.0%	0.0%	18.0%	15.8%	79.00%	68.4%	2.0%	15.8%
Well-led	3.0%	0.0%	25.0%	21.1%	71.00%	73.7%	1.0%	5.3%

Source: CQC Presentation to ASC Trade Association Meeting, 14 September 2016

The quality of care offered in the Charity’s homes has historically allowed the Charity to maintain levels of occupancy higher than the industry standard, averaging 93.4 per cent. during the year ended 31 March 2016.⁴

The Charity recognises that staffing is a key factor in determining the quality of its product, to the extent that staff availability is a central consideration in evaluating new sites.

In order to maintain quality standards, the Charity:

- Adopts a policy of “insourcing” - catering, laundry, maintenance are all permanent, establishment posts under the direction of the local Home Manager
- Minimises use of agency staff

As at 31 January 2017, the staff contracts totalled 1,316 staff across 20 homes and head office.

A breakdown by category is presented below:

Staff Category	Number
Carers	775
Homes Support Staff (Admin, catering etc)	460
Homes Management	40
Nursing	19
Head Office	22
Total	1,316

Of the 1,316 staff contracts, 474 are permanent contracts and 842 are part time contracts. Hourly paid staff are all paid above the National Living Wage.

Homes’ staff costs as a percentage of income were 60.3% in the year ended 31 March 2016⁵ as against an industry benchmark of 58.20%⁶

The Charity ensures that employees are appropriately trained and runs its own accredited training scheme with 3 peripatetic training managers overseen by the Head of Quality. All new staff are required to undergo an

⁴ Knight Frank 2016 Care Homes Trading Performance Review

⁵GHT Financial Statements for year ended 31 March 2016

⁶ Knight Frank 2016 Care Homes Trading Performance Review

Employee Engagement Programme tailored to their job type and Carers a programme aligned to the National Care Certificate.

Staff turnover averaged 14.8 per cent. during the year ended 31 March 2016 against an industry average of approximately 22 per cent.⁷ This reflects the ongoing commitment of the Charity to rewarding staff appropriately and investing significantly in training to further develop the quality of care provided to our residents.

The Charity has historically generated sustained levels of financial surpluses and, in recent years, undertaken significant investment in existing and additional homes. This has enabled the Charity to expand greatly the number of residents for whom it can provide care.

	2012-13	2013-14	2014-15	2015-16
Number of homes	17	17	17	20
Resident capacity	595	630	632	789
Growth in capacity	0.7%	5.9%	0.3%	24.8%

Growth to date has been achieved through three major routes:

- acquisition of currently operating homes;
- new build – leasehold; and
- development of existing portfolio.

It is anticipated that this will continue in the future on a selective and sustainable basis.

Business Plan

The Charity has two key strategic aims; quality improvement and sustainable development. A commitment to quality improvement will ensure continuous enhancement in the quality of care provided to residents and service users. A platform of sustainable development will ensure the charitable impact of the Charity expands in an enduring and affordable manner.

The following keys to success for the Charity have been identified:

- maintain current average occupancy, which has been historically above the national average;
- ensure fees remain competitive in each local market and homes remain attractive;
- maintain tight control of cost base and, in the long-term, seek to increase income more than expenditure in order to re-invest in service development for the benefit of current and future beneficiaries;
- invest in current estate and establish a live pipeline of profitable, new homes to sit alongside the Charity's existing homes;
- actively manage the quality of services provided and promote achievements internally and externally; and

⁷ National Care Forum Personnel Survey Report 2016

- continue to manage finances of the Charity in a prudent and sustainable manner.

Products and Services

The focus of the Charity's work is to provide residential, dementia and nursing care, comfort and security to older people, at an economic price that reflects its charitable status. The Charity aims to provide residents with a "home for life" and the ultimate goal is to have all 20 homes which it currently manages validated formally with the Eden Alternative philosophy. As of 22 November 2016, 17 homes have been formally validated.

The Charity constantly monitors its performance including satisfaction of its residents. In the latest Ipsos Mori poll for "Your Care Rating", it outperformed the survey average in each category (as presented below):

2016 Results	Average	Greensleeves Care
Overall Performance Rating	880	897
Staff and Care	877	893
Home Comforts	859	883
Choice and Having a Say	867	891
Quality of Life	928	935

In line with its charitable objects, the Charity aims to maximise its public benefit. Any trading surpluses are reinvested back into the Charity to expand and improve services to its beneficiaries. As a result, the Charity is able to offer training to staff and high quality care to residents while charging competitive and comparatively modest fees.

The Charity's operating model means that it is able to extend its services and support to some of the most vulnerable people in society whose care fees are often paid from public funds. All the Charity's residents receive the same, personalised care and support irrespective of how they are funded.

Generating a sustainable surplus means that the Charity is able to offer a home for life to its residents. The Charity has a policy of offering a home in perpetuity to all its residents irrespective of how they are funded.

Regulatory Landscape

In England, care homes are regulated by the CQC, principally under the Health and Social Care Act 2008 ("HSC") and subordinate regulations, but elements of the Care Standards Act 2000 still apply.

The HSC includes an approval/registration process which has three broad elements to it. First, registration and approval of the particular "service provider" to provide "regulated activities". Once approved, the service provider (whether a corporate entity or an individual) becomes a "registered provider" and CQC issues a registration certificate setting out the activities for which the service provider is approved. Secondly, each "location" (site/property) from which the registered provider wishes to provide regulated activities must be approved and registered against the registered provider status. Thirdly, there is a requirement for managers of individual locations to be approved and registered (referred to as "registered managers"). Applications for such approvals are made to CQC and assessed according to set criteria.

In addition, CQC oversees the actual operation and delivery of care services, principally via an inspection regime. CQC inspectors inspect physical premises either on an agreed or unannounced basis. The inspections cover the provision of regulated activities and assess the service against five broad criteria:

Is the service safe?

Is the service effective?

Is the service caring?

Is the service responsive to people's needs?

Is the service well led?

Each criterion is then scored, with four grades being available: outstanding; good; requires improvement; or inadequate. There will then be an overall rating of the service using one of those four grades.

Where any aspect is rated "inadequate" or "requires improvement", recommendations will be made by CQC to achieve compliance with the applicable standards. In addition, where a service is rated "inadequate", warning notices will be served and appropriate action taken by CQC to achieve future compliance and the immediate safety of service users. It is possible for enforcement action to be taken by CQC and it has available the ultimate sanctions of prosecution or revocation of registrations. Revocation is usually a last resort as those using the service will need continuity of care. Inspection reports are publicly available on the CQC website.

Use of Proceeds

The Charity will use the proceeds of the issues of the Bonds for or in advancement of its charitable purposes, including, but not limited to, the potential development and acquisition of sites or new homes.

The Charity will also use the proceeds to refinance, in full, existing financial indebtedness and redevelopment of some existing properties.

Financial Summary

The financial statements in Appendix E (*Charity's consolidated financial statements for the year ended 31 March 2015*) and Appendix F (*Charity's consolidated financial statements for the year ended 31 March 2016*) comply with the requirements of the Charities Act 2011, the Companies Act 2006, the Charity's Memorandum and Articles of Association and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland" ("**FRS 102**") (effective 1 January 2015).

Board

Chris Shaw (Chairman): Chris qualified as a Chartered Surveyor in 1978, becoming a Fellow of the Institution in 1987. A former Vice President of RICS, he specialised in the residential property sector. He was Managing Director of one of the country's largest firms of residential surveyors for some 20 years.

Rob Strange (Deputy Chair): Rob Strange was Chief Executive and Trustee of the Institution of Occupational Safety and Health (IOSH) from 2001-13 and is a Non-Executive Director and Trustee on a number of boards, including the Professional Associations Research Network (PARN) and the charities Education for Health and the Child Migrants Trust. Rob was created an OBE in June 2008 and is a Fellow of the Chartered Institute of Bankers, a Chartered Director and a Fellow of the Institute of Directors. Prior to this, Rob spent many years in senior management positions in the banking and financial services sector.

Richard Costella: Richard qualified as a Certified Accountant in 1975 and has had a varied career spent mainly in the private sector, moving through a spell in charity finance to local government finances. His most recent role was as Head of Finance, Corporate Services, London Borough of Ealing.

Mike Girling: After a career in different parts of the insurance industry, Mike became the Sales and Marketing Director for a major care home group before his recent retirement. In this role, he was responsible for the development of the business including the establishment of a number of new homes.

Kathryn Gray: Kathryn is an experienced senior director in the financial services sector and has over 20 years' experience in human resources gained in pharmaceuticals, retail and telecoms businesses. She has a master's degree in people/organisational development.

Leila Harris-Ryberg: Leila is a communications specialist whose experience spans across the public and not-for-profit sectors, including two High Commissions (British and Canadian) and the Medical Research Council. She is currently Media & Communications Manager at the Royal College of Psychiatrists.

Liz Marsh: Liz is an experienced chartered surveyor, qualifying in 1991, and has worked within the retail, office and industrial property sectors both as an advisor and a client. In 2011, she set up Impkids, a children's clothing company and runs both a retail and a wholesale business. Liz is also a non-executive director of the housing association Housing for Women where she sits on the main Board and Remuneration Committee.

Rama Krishnan: Rama is an experienced senior public sector manager with particular expertise in social care and public sector regulation. She began her career as a social worker before moving into the field of regulation where she managed the registration and inspection of various care services including nursing and care homes. She also held various roles at the Audit Commission: undertaking audit, inspection and improvement work with councils and health bodies; and was acting as the London policy lead for older people. She is a former Director of Services for Age Concern Havering and is a panel member for the Health and Care Professionals Council's fitness to practice panels for registered social workers.

Paul Rees: Paul has over 30 years' experience with PricewaterhouseCoopers, 20 as a partner. He has a very wide range of experience, having worked in over 70 countries, advising clients on listings, acquisitions, risk assessments, financial reporting as well as both internal and external audit. Paul has a number of other charitable roles including the Southern Housing Group.

Paul Varney: After many years' experience in the management of major membership clubs and hotels, Paul has become the Secretary at the Flyfishers' Club in Mayfair.

The business address of each of the Board members is Unit 2 Regent Terrace, Rita Road, London, SW8 1AW.

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.

Corporate Governance and Committees

The Board reported in the Charity's Annual Report Consolidated Financial Statements for the Year Ended 31 March 2016, see Appendix F (Charity Annual Report and Consolidated Financial Statements for the Year Ended 31 March 2016) that the Board of Trustees comprised eleven members who are responsible for the overall policy, direction and strategy of the Charity and for the oversight of its financial affairs. The Board members all attend Trustees' meetings at which important matters affecting the Charity are discussed and decisions made.

Specific responsibilities have been delegated to certain committees:

Finance and Audit Committee

The Finance and Audit Committee comprises four Trustees and has responsibility for providing the Board with assurance on the adequacy of all systems, controls and processes that may have an impact on the Charity's ability to meet its objectives and to ensure that its financial resources are being deployed appropriately in furtherance of its objectives.

Property Committee

The Property Committee comprises five Trustees and is responsible for providing the Board, the Chief Executive and Senior Management Team with advice on property related issues, consistent with the Charity's objectives. In particular, it advises on development activity both within the existing portfolio and by evaluating new opportunities.

Remuneration Committee

The Remuneration Committee comprises three Trustees and is responsible for advising the Board and Chief Executive on pay and reward throughout the Charity, with a particular focus on the pay of senior staff, on any reward and incentive scheme and on pension issues.

Care and Quality Improvement Committee

The Care and Quality Improvement Committee comprises four Trustees and is responsible for the clinical governance and risk management of resident safety and experience, quality standards and compliance, and service development / innovation.

Nominations Committee

The Nominations Committee meets as required and is responsible for effective succession planning for senior roles in the Charity such as the Chairman, Vice Chairman, Chairman of any standing committee, Trustees and the Chief Executive.

Internal Control Systems

The Charity maintains an active Risk Register, covering the business, operational and financial areas of the Charity, and it is regularly reviewed in detail by appropriate members of the senior management team. The team, which comprises senior members of Head Office staff, meets on a quarterly basis to discuss all existing risks and to identify any new ones.

The Register is updated accordingly before it is subsequently considered by the Finance and Audit Committee. Its review also forms part of the agenda of the Charity's other committees as appropriate. A summary is then presented to the full Board of Trustees at their quarterly meeting. The senior management team carries out a variety of internal controls on a regular basis to ensure that any potential problems are identified and tackled as soon as possible.

These internal controls include:

- monthly visits to the homes by a rotation of Head Office staff that cover all aspects of the day to day running of each home including reviewing the areas of care, HR and health and safety;
- regular inspections of each home's financial records by the Charity's finance team to ensure that everything is in order and that there is no potential misappropriation of the Charity's funds;
- continued training of staff to ensure that they have the relevant skills and knowledge to meet the needs of the Charity; and
- regular visits to the homes by a rotation of Trustees.

In addition, the Charity employs external providers who complete care, health and safety and financial audits to provide additional reassurance.

Executive Management Team

Paul Newman – Chief Executive

Paul has been working in the health and social care sector since 2007 and joined Greensleeves as Chief Executive in June 2013. Immediately prior to this he was Chief Executive of The Benevolent Society, the grant-giving, welfare charity for the UK drinks industry. Paul was also Managing Director at leading healthcare charity, the Royal College of General Practitioners, where he was responsible for commercial development and the trading subsidiaries for five years.

He has a board-level background at a number of high profile organisations across the health and social care sector. Paul is currently Vice Chairman of King's College Hospital Charity in London and a Director of the National Care Forum, the membership body that represents not-for-profit care providers.

Paul has also been a trustee of Cultural Co-operation, an arts and education charity. Paul holds an MBA, postgraduate diploma and bachelor's degree in business and management. He is also a Fellow of the Royal Society of Arts (FRSA) and the Chartered Institute of Marketing (FCIM).

Chris Doherty – Chief Finance Officer

Chris joined Greensleeves as Chief Financial Officer in September 2014. Previously Chris has operated at a senior level in a number of blue chip multinational and financial services organisations, including Rolls-Royce Power Ventures, Bank of America, Midland Bank and Kleinwort Benson.

Chris completed his CIMA examinations with British American Tobacco as part of their finance graduate scheme before moving into the financial services sector and then on to Rolls-Royce Power Ventures, a start-up international power project development company. More recently, Chris has spent time advising a number of international investment funds operating in the property, precious metals and life settlements arenas and also the commercial operations of Viridian Housing, a social housing provider.

Chris has responsibility at Greensleeves for the Finance, Property, IT and HR functions and leads on all acquisition and new care home development activity.

Andrew Mangion – Chief Operating Officer

After a successful career in the hospitality industry where he held a number of senior roles with top-end hotel groups, Andrew moved to the care sector in 2001 when he joined Sunrise Senior Living, managing their first facility in the UK, the 143-bed Frogna House in Sidcup. He also commissioned their 123-bed home in Purley.

He spent time at Barchester as Group Manager for homes within their "Beaumont" portfolio after their take-over of Westminster Care where he achieved 2 and 3 star ratings from the Commission for Social Care Inspection, CQC's predecessor (such ratings being on a scale of 0 to 3 stars, reflecting quality of care).

Andrew held a number of senior management/board level posts where he commissioned a number of care homes throughout the south east of England with providers such as Gracewell and Carebase.

Prior to joining Greensleeves in January 2017, Andrew commissioned three homes for TLC including one of the very few homes specifically designed for the Gujarati/Asian market and a Pinder award-winning care home in Camberley.

Geraint Williams – Business Development Director

Geraint has been working within the health and social care sector since 2010 in a variety of different companies. Prior to joining Greensleeves, Geraint served as the senior Sales and Marketing Manager for two highly

respected medium sized healthcare companies which he helped grow both organically through the introduction of professional sales teams and through external development assisting with the design and delivery of 12 new state of the art care homes as well as the acquisition of existing businesses.

He also has significant experience in operations management (both from a registered manager perspective but also in a mentoring and developmental capacity) and coaching home managers with all elements of operating and commissioning large luxury care homes including compliance, HR, financial management, recruitment as well as sales and marketing.

Geraint holds a diploma in criminology, a bachelor's degree in psychology and management and an MBA, all gained from the Open University.

Share Capital and Major Shareholders

The Charity is a company limited by guarantee and does not have a share capital. The Board of Trustees has overall responsibility for the running of the Trust. The Board of Trustees is responsible for the overall policy, direction and strategy of the Charity and for the oversight of its financial affairs. All attend Trustees' meetings, at which the important matters affecting the Charity are discussed and decisions made.

Recent Developments

There are no recent events that are, to a material extent, relevant to the evaluation of the Charity's solvency.

KEY RESULTS

The table below summarises certain key results of the Charity for the years ended 31 March 2012, 2013, 2014, 2015 and 2016, (the “**Key Results**”) which have been included in order to assist investors in understanding the impact of opening new homes and of central overheads on the operating performance of the Charity’s business.

Certain of the metrics in the following table are unaudited but are based on data derived from the Charity’s consolidated financial statements and the notes thereto which potential investors should read in conjunction with such tables.

£	2012	2013	2014	2015	2016
Turnover	16,139,918	18,197,557	19,151,085	20,136,491	23,985,857
Expenditure	(13,859,575)	(14,503,461)	(15,810,968)	(16,788,718)	(19,882,122)
EBITDA pre Head Office Costs & loss on Opening new homes (EBITDA HOCO)	2,280,343	3,694,096	3,340,117	3,347,773	4,103,375
EBITDA HOCO Margin	14.1%	20.3%	17.4%	16.6%	17.1%
Head office costs ¹	(622,817)	(881,859)	(988,970)	(954,674)	(1,251,169)
EBITDA Pre - loss on Opening new homes (EBITDAO) ¹	1,657,526	2,812,237	2,351,147	2,393,099	2,852,566
EBITDAO Margin ¹	10.3%	15.5%	12.3%	11.9%	11.9%
Openings ¹					(545,143)
EBITDA ¹	1,657,526	2,812,237	2,351,147	2,393,099	2,307,423
EBITDA Margin ¹	10.3%	15.5%	12.3%	11.9%	9.6%
Retained earnings ²	89,357	1,346,954	505,231	949,829	421,070
Care Homes	17	17	17	17	20
Care spaces	591	595	630	632	789
Head office Costs per Care Space	£1,054	£1,482	£1,569	£1,510	£1,586

1. **Head office costs / EBITDAO and EBITDA** - the impact of the depreciation charge related to head office fixtures and fittings and general IT infrastructure has not been excluded. As a result, head office costs are slightly overstated and the EBITDAO and EBITDA figures are slightly understated. The amount is considered immaterial by the Charity ranging from £8,853 in 2012 to £30,607 in 2016.

2. **Retained earnings** - 2012-2014 figures exclude the impact of any investment gains and losses. Following the adoption of FRS102, 2015 and 2016 figures include investment gains and losses. 2015 figures include an investment gain of £74,347 and 2016 figures include an investment loss of £107,180.

The table above contains certain data and metrics which the Charity considers constitute Alternative Performance Measures (“APMs”) as defined in the European Securities and Markets Authority Guidelines on APMs. A definition, explanation and rationale for inclusion of the following APMs have been included in order to assist investors in understanding the relevant Key Results.

Metric	Definition	Reconciliations (where relevant)	Rationale for inclusion
EBITDA pre Head Office Costs & loss on Opening new homes (EBITDA HOCO)	A measure to express the operating earnings of the business before charging <ul style="list-style-type: none"> • interest • taxation • depreciation & amortisation • head office costs and • net loss on opening new homes 	Total revenue less total expenditure, adding to the result: Head office costs, Depreciation, Loan Interest & Charges and Openings costs.	Measuring earnings with the effects of head office costs and costs incurred due to opening new homes stripped out
EBITDA HOCO Margin	A ratio showing EBITDA HOCO divided by Turnover	EBITDA HOCO divided by Turnover	Calculating a profit margin with the effects of head office and new openings costs stripped out
EBITDA Pre – loss on Opening new homes (EBITDAO)	A measure to express the operating earnings of the business before charging <ul style="list-style-type: none"> • interest, • taxation • depreciation & amortisation • net loss on opening new homes 	Total revenue less total expenditure, adding to the result: Depreciation, Loan Interest & Charges and Openings costs.	Measuring earnings with the effects costs incurred due to opening new homes stripped out
EBITDAO Margin	A ratio showing EBITDAO divided by Turnover	EBITDAO divided by Turnover	Calculating a profit margin with the effects of new openings costs stripped out
EBITDA	A measure to express the operating earnings of the business before charging <ul style="list-style-type: none"> • interest, • taxation • depreciation & amortisation 	Total revenue less total expenditure, adding to the result: Depreciation and Loan Interest	A measure of earnings which adjusts for accounting and taxation policies.
EBITDA Margin	A ratio showing EBITDA divided by Turnover	EBITDA divided by Turnover	Calculating earnings margin

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
What is a bond?	<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 Greensleeves Homes Trust 4.25 per cent. Bonds due 30 March 2026 (including Retained Bonds) issued by Retail Charity Bonds PLC and secured on a loan to the Charity.</p>	N/A
Who is issuing the Bonds?	<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 the proceeds of the Retained Bonds following a sale of the 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</p>	<p>Appendix B ("<i>Terms and Conditions of the Bonds</i>")</p> <p>Section 7 ("<i>Description of Retail Charity Bonds PLC</i>")</p>

		Refer to
	will be assuming credit risk on the Charity as to which, investors 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>).	
What are Retained Bonds?	<p>When the Bonds are issued by the Issuer, the Issuer will immediately purchase some of the Bonds (the “Retained Bonds”). The aggregate nominal amount of Retained Bonds will be set out in the Issue Size Announcement .</p> <p>The Retained Bonds will be held by The Bank of New York Mellon, London Branch in its capacity as bond custodian in respect of the Retained Bonds (or any successor or replacement custodian thereto) (the “Custodian”) 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 “Custody Agreement”).</p>	N/A
How will the Issuer deal with the Retained Bonds?	<p>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 the 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 & 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 the 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>
What is the Custody	The Issuer will enter into the Custody Agreement with the Custodian whereby it appoints the Custodian to act as custodian	N/A

		Refer to
Agreement?	and hold the Retained Bonds on its behalf. The Custody Agreement contains customary terms for custody agreements and limited recourse and non-petition language on terms similar to the Terms and Conditions of the Bonds. The Custodian is one of the secured parties under the Trust Deed.	
Why doesn't the Charity issue the Bonds directly?	<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 Retail Charity Bonds PLC:</p> <p><i>Listing and costs for the Charity:</i> Retail Charity Bonds PLC 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
Who is the Charity?	The Charity is Greensleeves Homes Trust, a registered charity in England and Wales (No. 1060478) and is registered with the England and Wales Companies House as a private limited company (Company No. 3260168). The Charity provides residential care for the elderly and disabled, operating across the UK.	Section 3 ("Description of the Charity")
What are the terms of the Bonds?	<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"> entitle the Bondholders to receive semi-annual interest payments at a fixed interest rate of 4.25 per cent. per annum, subject to Condition 8; have a nominal amount of £100 per Bond; are scheduled to be redeemed on 30 March 2026, although if the Charity fails to repay the Loan on that date, redemption shall be deferred until 30 March 2028 without default. If the Charity fails to repay the Loan on 30 March 2026 and repayment is deferred until 30 March 2028, 	Appendix B (" <i>Terms and Conditions of the Bonds</i> ")

		Refer to
	<p>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"> • will be redeemed at 100 per cent. of their principal amount on 30 March 2026 or, if redemption is deferred, on 30 March 2028; • 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 • are intended to be admitted to trading on the London Stock Exchange’s regulated market and through ORB. 	
<p>What does it mean that the Bonds are “secured on a loan” to the Charity?</p>	<p>The proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the 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 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 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 from time to time such as, for example: (i) a requirement that, as at each relevant testing date, the sum of (A) the group’s unencumbered properties (that is, those not subject to any security in favour of a third party), (B) tangible fixed assets (as set out in the Charity’s latest financial statements), (C) cash and investments that are deemed equivalent to cash (such as UK government bonds) (subject to a cap of £5,000,000) and (D) cash held in a bank account specifically earmarked for repayments under the Loan</p>	<p>Appendix D (“<i>Loan Agreement</i>”)</p>

		Refer to
	<p>Agreement is not less than 130 per cent. of the total unsecured debt of the group; and (ii) a requirement that, for so long as the Loan remains outstanding, the Charity will not (and will ensure that its subsidiaries do not) create any security to secure any financial indebtedness (a “Secured Borrowing”) unless, immediately after incurring such Secured Borrowing, the ratio of the Charity’s Secured Borrowings to the sum of (A) fixed assets (as set out in the Charity’s latest financial statements and adjusted for any impairments), (B) cash and investments that are deemed equivalent to cash (such as UK government bonds) (subject to a cap of £5,000,000) and (C) cash held in a bank account specifically earmarked for repayments under the Loan Agreement is not greater than 1:4.</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> <div style="text-align: center;"> <p>Cash flows</p> <pre> graph TD BH[BONDHOLDERS] <--> Bonds RC[B] subgraph RC [RETAIL CHARITY BONDS PLC (Issuer)] end RC <--> Loan Agreement GT[GREENSLEEVES HOMES TRUST (Charity)] CF[Cash flows] --- L[] style L width:0px,height:0px </pre> </div> <p>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.</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,</p>	

		Refer to
	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.	

		Refer to
Why are the Bonds being issued? What will the proceeds be used for?	<p>The Charity will use the proceeds of the issue of the Bonds in furtherance of its charitable objects, including, but not limited to the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities for the relief of persons who are in need by reason of age, ill-health or disability.</p> <p>The proceeds will also be used to refinance, in full, existing financial indebtedness and redevelopment of some existing properties.</p>	Section 3 (<i>Description of the Charity</i>)
Will I be able to trade the Bonds?	<p>The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its regulated market and through ORB. If this application is accepted, the Bonds are expected to commence trading on or around 31 March 2017.</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 – Factors which are material for the purpose of assessing the Market Risks associated with the Bonds - 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>)
How will interest payments on the Bonds be funded?	<p>Payments of interest 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 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 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>	<p>Section 7 (<i>Description of Retail Charity Bonds PLC</i>)</p> <p>Section 3 (<i>Description of the Charity</i>)</p> <p>Appendix D (<i>Loan Agreement</i>)</p>
What is the interest rate and can the interest rate change?	<p>The Bonds bear interest from their date of issue at the fixed rate of 4.25 per cent. per annum. The yield of the Bonds is 4.25 per cent. on an annual basis until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 30 March and 30 September 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).</p>	Condition 8 (<i>Interest</i>) of Appendix B (<i>Terms and Conditions of the Bonds</i>)
When will interest	<p>The first payment of interest in relation to the Bonds is due to be made on 30 September 2017.</p>	Condition 8 (<i>Interest</i>) of

		Refer to
payments be made?	Following the first payment, interest is expected to be paid on 30 March and 30 September in each year up to and including the date the Bonds are repaid.	Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
How is the amount of interest payable calculated?	The Issuer will pay a fixed rate of 4.25 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 that you buy on 30 March 2017, for instance, you will receive £2.125 on 30 September 2017 and £2.125 on 30 March 2018, 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.	Condition 8 (<i>“Interest”</i>) of Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
What is the yield on the Bonds?	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 4.25 per cent. on an annual basis until 30 March 2026. This initial yield is not an indication of future yield.	N/A
What will the Bondholders receive in a winding up of the Issuer?	<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 Diagram no. 2 (<i>Bond Waterfall</i>) below). 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>	Section 7 (<i>“Description of Retail Charity Bonds PLC”</i>)

		Refer to
	<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 no. 1 (<i>Limited Recourse</i>) below).</p> <p>Diagram 1 (<i>Limited Recourse</i>)</p> <pre> graph TD A1[Other charged assets] --> I[ISSUER] A2[Charged Assets in relation to the Bonds] --> I A3[Other charged assets] --> I I --> B1[Other debt securities] I --> B2[Bond Waterfall (see Diagram No.2 below)] I --> B3[Other debt securities] B1 --> BH[Bondholders] B2 --> BH B3 --> BH BH --> ERA[Expense Reserve Account] </pre> <p>* See “<i>Summary of the Servicer</i>” below.</p> <p>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>”).</p> <p>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:</p>	

		Refer to
	<p>Diagram no. 2 (<i>Bond Waterfall</i>)</p> <pre> graph TD A["(any outstanding) Trustee fees and expenses insofar as they relate to the enforcement of the Bonds and/or the related Loan"] --> B["(any outstanding) Agent or Custodian fees and expenses insofar as they relate to the Bonds and are not otherwise payable out of the Expense Reserve Account*"] B --> C["(any outstanding) Servicer fees and expenses insofar as they relate to the enforcement of the Bonds and/or the related Loan"] C --> D["(any outstanding) payment of certain other amounts to cover the Issuer's general expenses due from the Charity under the Loan"] D --> E["Bondholders"] E --> F["Expense Reserve Account"] </pre> <p>* See “Summary of the Servicer” below.</p> <p>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>”).</p>	
Will the Bonds be rated by a credit rating agency?	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

		Refer to
When will the Bonds be repaid?	<p>The Bonds are scheduled to be redeemed at 100 per cent. of their nominal amount on 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 “Sterling Make-Whole Redemption Amount” 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> ”)
Do the Bonds have voting rights?	Bondholders (other than holders of 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> ”)
Who will represent the interests of the Bondholders?	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> ”)
Can the terms and conditions of the Bonds be amended?	<p>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 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</p>	Condition 17 (“ <i>Meetings Of Bondholders, Modification And Waiver</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)

		Refer to
	conditions of the Bonds by passing an extraordinary resolution.	
How do I apply for Bonds?	Details on how to apply for the Bonds are set out in Section 5 (<i>“How to Apply for the Bonds”</i>).	Section 5 (<i>“How to Apply for the Bonds”</i>)
What if I have further queries?	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.	N/A

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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>How and on what terms will Bonds be allocated to me?</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 “Authorised Offeror”, being a person to whom the Issuer and, as applicable, the Charity have given their consent to use this prospectus in accordance with Article 3.2 of the Prospectus Directive (Directive 2003/71/EC)). 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>What is the issue price of the Bonds?</p>	<p>The Bonds will be issued at the issue price of 100 per cent. (the “Issue Price”). 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>How and when must I pay for my allocation and when will that allocation be delivered to me?</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>When can the Authorised Offerors offer the Bonds for sale?</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 7 March 2017 to 12.00 noon (London time) on 24 March 2017, 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”).</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>

Is the offer of the Bonds conditional on anything else?	The issue of Bonds is conditional upon (i) a subscription agreement being signed by the Issuer and the Manager on or about 28 March 2017 (the “ Subscription Agreement ”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 28 March 2017; and (iii) the Loan Agreement to be dated the date of issue of the Bonds being signed by the Issuer and the Charity on or about 30 March 2017. 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 from the independent auditors of the Charity satisfactory to the Manager).
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?	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.
Is there a minimum or maximum amount of Bonds that I can apply for?	The minimum application amount for each investor is £500. There is no maximum amount of application.
How and when will the results of the offer of the Bonds be made public?	The results of the offer of the Bonds (including details of the aggregate nominal amount of Retained Bonds) 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 24 March 2017.
Who can apply for the Bonds? Have any Bonds been reserved for certain countries?	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.
When and how will I be told of how many Bonds have been allotted to me?	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.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken to allow the Bonds to be traded before informing you of your allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to me?	<p>The Issuer will not charge you any expenses.</p> <p>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.</p>

<p>What are the names and addresses of those distributing the Bonds?</p>	<p>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> <p>AJ Bell Securities Limited Trafford House Chester Road Manchester M32 0RS</p> <p>Alliance Trust Savings Limited 8 West Marketgait Dundee DD1 9YP</p> <p>Barclays Bank PLC 1 Churchill Place London E14 5HP</p> <p>Equiniti Financial Services Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA</p> <p>Interactive Investor Trading Limited Standon House 21 Mansell Street London E1 8AA</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>Will a registered market-maker be appointed?</p>	<p>Peel Hunt LLP will be appointed as a registered market-maker through ORB in respect of the Bonds from the date on which the Bonds are admitted to trading on the regulated 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>

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

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 HM Revenue & Customs ("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. 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 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 remain so listed and admitted, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). 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 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) 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, profession or vocation 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” ISA) is £15,240 (£20,000 with effect from 6 April 2017) (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 1 January 2019. 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.

7

DESCRIPTION OF RETAIL CHARITY BONDS PLC

This section sets out certain information about the Issuer.

DESCRIPTION OF RETAIL CHARITY BONDS PLC

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 27/28 Eastcastle Street, London W1W 8DH. The telephone number of its registered address is 0207 637 5216. The Issuer has no subsidiaries.

Principal Activities of the Issuer

The Issuer is an entity which has been established 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:

Name	Other Principal Activities
John Tattersall	John Tattersall is Chairman of the boards of UK Asset Resolution (including Bradford & Bingley PLC and NRAM Limited) and UBS Limited, and a non-executive director on the board of CCLA Investment Management. He is also Chair of two Charities, a trustee of three others, and a non-stipendiary priest in the Church of England.
Gordon D’Silva OBE	Gordon has pioneered numerous social innovation not-for-profit businesses over the last 30 years that have been the recipient of numerous business, academic, charity and social enterprise awards. In 2011 he was awarded the OBE for his contribution to the industry. He is currently co-chair of Good Business Alliance and owner of a residence-hotel in Italy. He also advises several European social innovation businesses and mentors business leaders.
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 is Secretary and Chief Executive of Allia Ltd. He is also

Chairman and non-executive director of Treatt plc, a quoted global flavour and fragrance supplier and a non-executive director and trustee of SkillsBridge, an organisation bringing support to voluntary and community sector organisations in the North East of England. He is an honorary Fellow at Cambridge Judge Business School.

Geetha Rabindrakumar

Geetha Rabindrakumar works for Big Society Capital, an independent financial institution with a social mission, working to grow the social investment market. She leads Big Society Capital's engagement with the charity and social enterprise sector.

Clare Thompson

Clare Thompson is a non-executive director of British United Provident Association Limited (BUPA) and Direct Line Insurance Group plc and a non-executive board member of Miller Insurance Services LLP, and also a trustee of the Disasters Emergency Committee.

Philip Wright

Philip Wright is a director of Allia, a Council member of Goldsmiths College, a director of Beyond Food CIC and a trustee and director of Common Purpose.

The business address of each of the directors is 27/28 Eastcastle Street, London, W1W 8DH.

The secretary of the Issuer is Cargil Management Services Limited whose registered address is at 22 Melton Street, London, NW1 2BW.

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 duties except as described in the paragraph below.

Tim Jones is a director of the Servicer and is an employee of Allia Ltd. and Philip Wright is a director of Allia Ltd. Allia Ltd. is a shareholder in the Issuer (see below for details), and 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 Servicer's relationship with the Issuer. The directors of the Issuer do not receive any remuneration.

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.

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.

The Issuer's audited financial statements for the period ended 31 August 2015 (the "**Initial Accounts**") and for the year ended 31 August 2016 have been filed with the Financial Conduct Authority and are attached to this Prospectus as Appendix G ("*Financial Statements of the Issuer for the period ended 31 August 2015*") and Appendix H ("*Financial Statements of the Issuer for the year ended 31 August 2016*"), respectively. The Initial Accounts (including the Audit Report contained therein) cover the period from incorporation on 14 March 2014 to 31 August 2015. Copies of the Issuer's financial statements can be viewed electronically and free of charge on the website of the Issuer (<http://www.retailcharitybonds.co.uk/about/#Governance>) and obtained from the registered office of the Issuer and from the specified office of the paying agent for the time being in London.

8

DESCRIPTION OF THE SERVICER

This section sets out information about the Servicer.

DESCRIPTION OF THE SERVICER

The Issuer contracts with the Servicer to provide certain services in relation to the Loan and the Bonds. These services include, in particular, liaising with 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, Kings Hedges Road, Cambridge, United Kingdom, CB4 2HY. It is a wholly owned subsidiary of Allia Ltd., a 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 – Factors which are material for the purpose of assessing the Market Risks associated with the Bonds - The Servicer is under no obligation to take enforcement action in relation to the Loan Agreement"*));
- f) publish 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;

- 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 – Factors which are material for the purpose of assessing the Market Risks associated with 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.

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 28 March 2017, the Manager is expected to agree to procure subscribers for the Bonds (other than the 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 the 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 the 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, except that it may, during the period from 7 March 2017 to 12.00 noon (London time) on 24 March 2017 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, which has been approved by the Financial Conduct Authority in the United Kingdom.

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 the Bonds.

United Kingdom

The Manager has 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) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 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 has not made and will not make an offer of Bonds in Jersey, save to the extent that the Manager is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998, as amended, and/or the Control of Borrowing (Jersey) Order 1958, as amended.

Guernsey

The Manager has represented and agreed that:

- (a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;
- (b) this Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; 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 Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or
 - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, as amended, the Insurance Business (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.

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 and the Regulated Activities Order 2011 or any exemption therefrom.

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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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 15 February 2017.

Listing and admission to trading of the Bonds

It is expected that the Bonds will be admitted to the official list and to trading on the London Stock Exchange's regulated market and admitted to ORB on or around 31 March 2017, subject only to the issue of the global bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the official list and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and admitted to the ORB.

Use of Proceeds

The proceeds from the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) will be advanced by the Issuer to Charity under the Loan Agreement to be dated the date of issue of the Bonds), to be applied by the Charity in furtherance of its charitable objects, including, but not limited to the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities for the relief of persons who are in need by reason of age, ill-health or disability. The proceeds will also be used to refinance, in full, existing financial indebtedness and redevelopment of some existing properties.

The estimated proceeds, the amount of Retained Bonds 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 4.25 per cent. on an annual basis until 30 March 2026. 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.

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

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 registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the constitutional documents of the Issuer;
- (b) the most recently published audited annual financial statements of the Issuer (if any) 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, an Agency Agreement dated 26 June 2014 and the form of the Global Bond;
- (d) the Loan Agreement and any amendments thereto;
- (e) the Subscription Agreement dated on or about 28 March 2017; and
- (f) 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 XS 1575974933 and the Common Code for the Bonds is 157597493.

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 Section 2 ("*Risk Factors – Risks related to the market generally - Risks relating to holding interests in the Bonds through CREST Depository Interests*").

Material or Significant Change

There has been no significant change in the financial or trading position of the Issuer since 31 August 2016 and no material adverse change in the prospects of the Issuer since 31 August 2016.

There has been no significant change in the financial or trading position of the Charity or the Group since 31 March 2016 and there has been no material adverse change in the prospects of the Charity or the Group since 31 March 2016.

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 or the Group 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 or the Group'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) for the period from incorporation to 31 August 2015 and for the year ended 31 August 2016. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Charity are Grant Thornton UK LLP, who were appointed on 20 January 2017. The previous auditors of the Charity were Moore Stephens 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 financial year ended on 31 March 2016 and for the financial year ended on 31 March 2015. The previous auditors of the Charity were Chantrey Vellacott DFK LLP, who audited the Charity's accounts (without qualification) in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) for the financial year ended 31 March 2014.

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 supplemented by a Supplemental Trust Deed dated 30 March 2017 (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 4.

Managers transacting with the Issuer and the Charity

Peel Hunt LLP 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.

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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 5.3 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Prospectus Directive 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 (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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*”) and 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 Appendix E (“*Charity’s consolidated financial statements for the year ended 31 March 2015*”) and Appendix F (“*Charity’s consolidated financial statements for the year ended 31 March 2016*”). To the best of the knowledge of the Charity (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

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, the Servicer, the paying or transfer agents or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Bonds. None of the Manager, the Charity, the Servicer, the paying or transfer agents or the Trustee accepts any liability in relation to the information contained 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.

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, Alliance Trust Savings Limited, Barclays Bank PLC, Equiniti Financial Services Limited, Interactive Investor Trading Limited or Redmayne-Bentley LLP; or
- named on the Issuer’s website (<http://www.retailcharitybonds.co.uk/bonds/greensleeves>) 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, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) 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 7 March 2017 to 12.00 noon (London time) on 24 March 2017 (referred to below as the “Conditions to Consent”).

If 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 United Kingdom is a Member State of the European Economic Area which has implemented the Prospectus Directive. The Prospectus Directive 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 Prospectus Directive. 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 UK Listing Authority 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 7 March 2017 to 12.00 noon (London time) on 24 March 2017.

Jersey, Guernsey and the Isle of Man are not Member States of the European Economic Area and, accordingly, the Prospectus Directive does not apply to those jurisdictions. The section “*Authorised Offerors and Consent to use this Prospectus*” below is applicable only in the context of the Prospectus Directive 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 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 3.2 of the Prospectus Directive. 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, Alliance Trust Savings Limited, Barclays Bank PLC, Equiniti Financial Services Limited, Interactive Investor Trading 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 (<http://www.retailcharitybonds.co.uk/bonds/greensleeves>) 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, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) (in which regard, potential investors should consult the Financial Services Register maintained by the Financial Conduct Authority at: www.fca.org.uk/firms/systems-reporting/register); 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 4.25 per cent. Bonds due 30 March 2026 (the “**Bonds**”) described in the Prospectus dated 7 March 2017 (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 3.2 of the Prospectus Directive

In the context of any Public Offer of Bonds, each of the Issuer and the Charity (in relation to the information indicated on page 2 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;
- (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) 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 European Economic Area (including the United Kingdom), 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 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.

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.

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 30 March 2017 (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 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 Laurence Pountney Hill, London EC4R 0HH, and at the specified office of each of the Paying Agents, the Registrar and the other Transfer Agents. 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 Impact Finance Ltd. 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 Greensleeves Homes Trust;

“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 (or any successor or replacement custodian thereto);

“Custody Agreement” means 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;

“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 National Westminster Bank plc 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 4, 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 30 March and 30 September in each year from (and including) the Issue Date 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 30 March 2017;

“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 Impact Finance Ltd. 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 Allia Impact Finance 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;

“Secured Parties” means the Trustee (for itself and the Bondholders), 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 National Westminster Bank plc, 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 depositary 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 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.

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 the 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 (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 4.25 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 will be £2.125 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 return.

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 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 30 March 2026 (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 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 30 March 2028 (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 the Retained Bonds.

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.

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) 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) 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, fails so to do within a reasonable period and the failure 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 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). 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), 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), 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). 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) 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), 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 on-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 depositary 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

This section contains the Loan Agreement that will be entered into between the Issuer and the Charity for the purposes 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 30 March 2017 and is made

BETWEEN:

- (1) **GREENSLEEVES HOMES TRUST**, registered in England as a registered charity with registration number 1060478, whose registered office is at Unit 2, Regent Terrace, Rita Road, London SW8 1AV (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 27/28 Eastcastle Street, London W1W 8DH (the **Lender**).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Accounting Standards means FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) as at the date of this Agreement;

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 by the Lender before, on or around the Issue Date or each Retained Advance Date, 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); and
- (d) all fees, costs and expenses payable by the Lender incurred pursuant to the Issuance Facility Documents and the Custody Agreement (as defined in the Conditions) (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 Listing Authority, custodian or any stock exchange; and

- (e) 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 4.25% Bonds due 30 March 2026 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;

Cash means, at any time, the pounds sterling (and not, for the avoidance of doubt, any other currency) amounts described as bank and cash balances of the Group at such time but excluding, for the avoidance of doubt, any Repayment Funds (and provided such balances are not subject to any Security in favour of any other person);

Cash Equivalent Investments means at any time (a) direct obligations of the government of the United Kingdom or of any agency or instrumentality of the government of the United Kingdom which is guaranteed by the government of the United Kingdom; (b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any bank or building society subject to, inter alia, such bank or building society having a credit rating for its senior unsecured obligations, in the case of a United Kingdom bank or building society, of not less than A from S&P and/or A2 from Moody's, and, in the case of any other bank or building society, of not less than AA- from S&P and/or Aa3 from Moody's; and (c) money market funds with a rating of AAA from S&P and Aaa from Moody's, beneficially owned, in each case, by any member of the Group at such time; provided that, in the case of (a) and (b) above, the maturity of such obligation at the time of purchase or deposit shall not be more than 365 days; in the case of (c) above, the relevant money market fund shall be capable of providing liquidity in no more than three Business Days; and, in all cases, such investment shall be denominated in pounds sterling; and further provided that, in each case, such assets are not subject to any Security in favour of any other person;

Code means the U.S. Internal Revenue Code of 1986;

Commitment means £●;

Commitment Agreement means the commitment agreement entered into between, among others, the Lender and the Charity dated on or around 28 March 2017;

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

Conditions means the terms and conditions of the Bonds 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 Covenant means any covenant or equivalent provision the primary purpose of which is to limit or measure Financial Indebtedness by measuring it against equity, assets, total capital or operating surplus;

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 or a member of the Group, as the case may be;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the 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 the audited financial statements of the Charity or, if applicable, the audited consolidated financial statements of the Group prepared in accordance with the Accounting Standards provided that if the accounting principles adopted by the Charity or, as applicable, the Group, from time to time, are not the Accounting Standards, references herein to “Financial Statements” shall refer to financial statements of the Charity or, if applicable, the consolidated financial statements of the Group prepared by the Charity (as referred to in Clause 8.2(c) below) specifically for the purposes of this Agreement in respect of the period covered by the relevant audited financial statements by reference to the Accounting Standards rather than the accounting principles adopted in the relevant audited financial statements;

Fixed Assets means the amounts described as fixed assets as determined from the most recent Financial Statements;

Group means the Charity and any subsidiaries it may have from time to time;

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 30 March and 30 September in each year commencing on 30 September 2017 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 Impact Finance Ltd.;

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);

Moody’s means Moody’s Investor Services Limited or any of its affiliates;

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;

Properties means all estates or interests in any freehold, leasehold, heritable or other immovable property situated in the United Kingdom;

Prospectus means the prospectus dated 7 March 2017 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 9.1;

Repayment Funds means, at any time, the cash balance on any account in the name of the Charity and to which the Charity is beneficially entitled at such time that has been designated by the Charity to be used solely for the purpose of making repayments (but not, for the avoidance of doubt, payments of interest) under the Loan (provided such balances are not subject to any Security in favour of any other person);

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 form;

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 form;

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 3 (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 form;

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;

Revaluation means a valuation of all or any Fixed Assets carried out by external valuers on an open market basis;

S&P means Standard & Poor's Rating Services or any of its affiliates;

Secured Borrowing has the meaning given to it in Clause 9.3;

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;

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;

Tangible Fixed Assets means the amounts described as tangible fixed assets as determined from the most recent Financial Statements, save for those which are subject to any Security in favour of any other person;

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 Group as per the Financial Statements;

Total Cash Amount means the sum of Cash and Cash Equivalent Investments, provided that (for the purpose of this definition) the Total Cash Amount may not exceed £5,000,000;

Total Unsecured Debt means all unsecured Financial Indebtedness of the Group, as at the last day of each financial year of the Group, calculated by reference to the Financial Statements for such financial year;

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; and

Uncharged Property Value means the value of the Group's Unencumbered Properties and Tangible Fixed Assets;

Unencumbered Properties means all Properties owned by the Group which are not subject to any Security in favour of any other person, as valued for the purpose of drawing up the Financial Statements;

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 £● 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 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 amount of the proposed Retained Advance must be for a minimum amount of £●;
 - (e) 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;
 - (f) 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;
 - (g) on such date, no Default is continuing or would result from the Retained Advance; and
 - (h) 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 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) 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) 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 Subclause 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.
- 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 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, 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.

7.6 Limitations on Permitted Activities

Neither the Charity nor any member of the Group shall engage in any business unless such business falls within the charitable objects set out in the Charity's constitutional documents and is not materially prejudicial to the Lender.

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

The Charity shall supply to the Lender as soon as the same become available, but in any event within 180 days of the end of each of its financial years, its audited annual report and accounts for that financial year (consolidated if appropriate).

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 (Financial Statements), a Compliance Certificate setting out computations as to compliance with Clause 9 (Financial Covenants) as at the Testing Date.
- (b) Each Compliance Certificate shall be signed by a director of the Charity.
- (c) If the accounting principles adopted by the Charity or, as applicable, the Group, from time to time, are not the Accounting Standards, the Charity shall supply to the Lender financial statements of the Charity or, if applicable, the consolidated financial statements of the Group reflecting all changes necessary in order such that the Financial Statements reflect the Accounting Standards, and an additional compliance certificate, signed by the Charity's auditor, demonstrating that the computations set out in the relevant Compliance Certificate as to compliance with Clause 9 (Financial Covenants) at the Testing Date are met based on Accounting Standards.

8.3 Requirements as to Financial Statements

Each set of audited annual report and accounts delivered by the Charity pursuant to Clause 8.1 (Financial Statements) shall be certified by a director of the relevant company as fairly representing its 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 use its reasonable endeavours to supply to the Lender an annual statement of social impact on the anniversary of the Issue Date substantially in the form of Schedule 2 (Form of Annual Statement on Social Impact) to this Agreement.

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

- (a) The Charity shall ensure that as at each Testing Date the sum of the Uncharged Property Value, the Total Cash Amount and any Repayment Funds shall not be less than 130% of the Total Unsecured Debt of the Group as determined by reference to its Financial Statements;
- (b) If at any time the terms of any of the Charity's unsecured and unsubordinated debt (a **Relevant Credit Facility**) contains a Financial Covenant and such Financial Covenant is not contained in this Agreement and 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 9.1(b), 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 9.1(b) and shall describe in reasonable detail the Financial 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 Financial Covenant) (a **Covenant Notice**). Upon receipt of a Covenant Notice, the Lender shall in turn promptly (but in any event within ten Business Days of the receipt of the Covenant Notice) provide written notice to the holders of the Bonds, which notice shall set out all the information contained in the Covenant Notice.
- (c) Upon receipt of a Covenant Notice by the Lender, the Financial 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 Financial Covenant became effective under the Relevant Credit Facility.
- (d) For the avoidance of doubt, each of the financial 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 9.1(b)) shall remain in this Agreement as in effect on the date hereof regardless of whether any Financial Covenant is incorporated into, deleted from, or otherwise modified in this Agreement.

9.2 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.

9.3 Limitation on Secured Borrowing

- (a) The Charity will not, and will procure that no member of the Group will, create, assume or permit to subsist any Security upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Financial Indebtedness or to secure any guarantee or indemnity in respect of any Financial Indebtedness (a **Secured Borrowing**) unless immediately after incurring such Secured Borrowing the ratio of (i) the Charity's total Secured Borrowings to (ii) the sum of the Fixed Assets, the Total Cash Amount and any Repayment Funds is not greater than 1:4 (the **Secured Borrowings Ratio**).

- (b) The Secured Borrowings Ratio shall be tested as at the date of incurrence of the relevant Secured Borrowing and, in respect of Fixed Assets and Secured Borrowings only, will be calculated by reference to the last Financial Statements, adjusted to reflect (i) any acquisition or disposal of Fixed Assets (including any Fixed Assets acquired at the same time the relevant Secured Borrowing is incurred) after the date of the last Financial Statements, in each case as adjusted by any subsequent Revaluation and (ii) the incurrence or repayment of any Secured Borrowings after the date of the last Financial Statements.

9.4 Financial Covenant Calculations

Uncharged Property Value, Fixed Assets and Cash Equivalent Investments shall be calculated in accordance with the Accounting Standards and shall be expressed in pounds sterling.

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 or the Trust Deed 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, the Trust Deed 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 any member of the Charity; or
 - (v) any analogous procedure or step is taken in any jurisdiction.

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 Impact Finance Ltd.
Future Business Centre
King's Hedges Road
Cambridge
CB4 2HY
United Kingdom
Attention: Phil Caroe
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 Impact Finance Ltd. as Loan Management Servicer

From: Greensleeves Homes Trust (the **Charity**)

Dated: []

Dear Sirs

Greensleeves Homes Trust – Loan dated 30 March 2017 (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 financial statements of the Charity for the year ended [] fairly represent the Charity's 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 8.5.
5. We confirm that, as at the Testing Date, the sum of the Uncharged Property Value, the Total Cash Amount and any Repayment Funds is not less than 130% of the Total Unsecured Debt of the Group as determined by reference to the Financial Statements.
6. We confirm that neither the Charity nor any member of the Group has incurred a Secured Borrowing in such a manner that, immediately after the incurrence of the relevant Secured Borrowing, the Secured Borrowings Ratio was greater than 1:4.

Signed:

Director
of
Greensleeves Homes Trust

* 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

FORM OF ANNUAL STATEMENT ON SOCIAL IMPACT

Annual Impact Reporting

1. Your Activities

Give an account of the activities you have undertaken in the previous year as a result of the loan finance raised.

2. Your Impact

Give examples of how the activities described above have had a positive effect on the lives of some of your beneficiaries.

What were the results against the outcome indicators you described in your application?

Outputs	Indicator	Results

Outputs	Indicator	Results

Describe any evidence of wider impact created to date as a result of your activities

3. Your Response

How do your results compare with your targets and objectives? Are there any lessons you have learned and changes to you intend to make as a result? Do you see any other factors arising that may affect your future impact?

SCHEDULE 3

RETAINED ADVANCE REQUEST

From: Greensleeves Homes Trust

To: Retail Charity Bonds PLC

Dated: []

Dear Sirs

Loan Agreement dated 30 March 2017 (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

.....

authorised signatory for
Greensleeves Homes Trust

Agreed and accepted by

.....

authorised signatory for
Retail Charity Bonds PLC

Date:

SIGNATORIES

The Charity

GREENSLEEVES HOMES TRUST

Address: Unit 2, Regent Terrace
Rita Road
London SW8 1AW

Email: chris.doherty@greensleeves.org.uk

Attention: Chris Doherty

By:

And by:

The Lender

RETAIL CHARITY BONDS PLC

Address: 27/28 Eastcastle Street
London
United Kingdom
W1W 8DH

Email: communications@retailcharitybonds.co.uk

Attention: The Company Secretary

By:

E

APPENDIX E

CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

This section contains the Charity's consolidated financial statements for the year ended 31 March 2015

GREENSLEEVES HOMES TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

GREENSLEEVES HOMES TRUST

**(A Company limited by Guarantee not having a share capital –
Company Registered Number 03260168)**

(Charity Registration Number 1060478)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

GREENSLEEVES HOMES TRUST
ANNUAL REPORT
YEAR ENDED 31 MARCH 2015

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GREENSLEEVES HOMES TRUST

LEGAL AND ADMINISTRATIVE DETAILS

(A Company limited by Guarantee not having a share capital – Company Registered Number 03260168)
(Charity Registration Number 1060478)

TRUSTEES

Mr D E Ballard (Former Chairman) (Retired 28 October 2014)
Mr R Costella (Appointed 1 October 2014)
Mr M Girling
Ms L Harris-Ryberg
Dr I Heath CBE (Retired 1 October 2014)
Mr M J Holt (Chairman with effect from 28 October 2014)
Ms E Marsh
Mr K Murali (Retired 28 October 2014)
Ms L Ramakrishnan
Mr P Rees
Mr C Shaw
Mr R Strange OBE (Vice Chairman with effect from 28 October 2014)
Mr P Varney
Mr J C Wylie (Former Vice Chairman) (Retired 28 October 2014)

COMPANY SECRETARY

Mr G Almond

CHIEF EXECUTIVE

Mr P Newman

REGISTERED OFFICE

Unit 2 Regent Terrace
Rita Road
London
SW8 1AW

STATUTORY AUDITOR

Moore Stephens LLP
Russell Square House
10/12 Russell Square
London
WC1B 5LF

(Formerly Chantrey Vellacott DFK LLP who merged with Moore Stephens LLP on 1 May 2015)

BANKERS

Lloyds Bank Plc
2nd Floor
39 Threadneedle Street
London EC2R 8AU

SOLICITORS

Wilsons
4 Lincoln's Inn Fields
London
WC2A 3AA

Moon Beaver
24-25 Bloomsbury Square
London
WC1A 2PL

INVESTMENT ADVISORS

Schroder & Co. Ltd
12 Moorgate
London
EC2R 6DA

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

The Trustees, who are the directors for the purposes of the Companies Act 2006, present the report and financial statements of Greensleeves Homes Trust ("the Trust" / "the Charity") for the year ended 31 March 2015. The Trustees confirm that the annual report and financial statements of the Trust comply with current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005 – 2nd Edition).

Structure, Governance and Management

Greensleeves Homes Trust is a company limited by guarantee and a registered charity. Its governing instrument is its Memorandum and Articles of Association which was updated on 4 February 2014.

The Trustees

As at 31 March 2015, the Board of Trustees comprised ten members who are responsible for the overall policy, direction and strategy of the Trust and for the oversight of its financial affairs. All attend Trustees' meetings, held throughout the year, at which the important matters affecting the Trust are discussed and decisions made.

All Trustees are issued with relevant key documentation including the Memorandum and Articles of Association, current annual budgets and business plans, as well as information about regulatory requirements in the care sector. They are kept informed of any developments within the Trust and in legislation affecting the Trust by the Chief Executive's Update which is issued on a regular basis and in detailed papers prior to each Board Meeting.

The current Trustees come from a wide range of backgrounds and provide the Trust with a high calibre of expertise and advice that complements support from our external advisers.

Finance & Audit Committee

The Finance & Audit Committee is formed of four Trustees and has responsibility for providing the Board with assurance of adequacy of all systems, controls and processes that may have an impact on the Trust's ability to meet its objectives and to ensure that its financial resources are being deployed appropriately in furtherance of its objectives.

Property Committee

The Property Committee is formed of five Trustees and is responsible for providing the Board, the Chief Executive and Management Team with advice on property related issues, consistent with the Trust's objectives. In particular, it advises on development activity both within the existing portfolio and by evaluating new opportunities.

Remuneration Committee

The Remuneration Committee is formed of two Trustees and is responsible for advising the Board and Chief Executive on pay and reward throughout the Trust, with a particular focus on the pay of senior staff, on any reward and incentive scheme and pension issues.

Care & Quality Improvement Committee

The Care & Quality Improvement Committee is comprised of four Trustees. The Committee is responsible for the clinical governance and risk management of resident safety and experience, quality standards and compliance, and service development / innovation.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Risk Assessment

Identifying possible areas of risk that could affect the Trust is taken very seriously. We have an active Risk Register, covering the business, operational and financial areas of the Trust, and it is regularly reviewed in detail by appropriate members of the Management Team. The Team, which is comprised of senior members of Head Office staff, meet on a quarterly basis to discuss all existing risks and to identify any new ones. The Register is updated accordingly before it is subsequently considered by the Finance & Audit Committee. A summary is then presented to the full Board of Trustees at their quarterly meeting. The Management Team carry out a variety of internal controls on a regular basis to ensure that any potential problems are identified and tackled as soon as possible.

These internal controls include:

- monthly visits to the homes by a rotation of Head Office staff that cover all aspects of the day to day running of each home including reviewing the areas of care, HR and health & safety.
- regular inspections of each home's financial records by the Trust's Financial Team to ensure that everything is in order and that there is no potential misappropriation of the Trust's funds; and
- continued training of staff to ensure that they have the relevant skills and knowledge to meet the needs of the Trust.
- regular visits by a rotation of Trustees.

Management and Staffing

Trustees delegate the day-to-day running of the Charity to a full-time Chief Executive, who is supported by a senior management team. Among their many responsibilities are the development and strengthening of the services provided within the framework set by the Trustees, ensuring staff are recruited who understand the Trust's values and the regulatory requirements in the care sector, and optimising the use of the Trust's assets. In addition they provide strategic and operational leadership ensuring that regulatory requirements are met, agreed standards of service are maintained within budget and new income streams and development opportunities are identified.

Other key members of Head Office staff also assist with day to day operations and are involved in forward planning and the focus of the Trust. In anticipation of the Trust's increasing development plans, operations at Head Office are currently being expanded and this will impact on costs.

Throughout the year, the home managers attend a variety of seminars and Trust wide training events to ensure that they are kept informed of any care, HR and health and safety issues. External speakers are invited to attend the events to share their knowledge and experience.

The Trustees would like to take this opportunity to thank both staff and volunteers for their contribution during the year.

Greensleeves Developments Limited

The Trust has a subsidiary whose accounts are consolidated into these financial statements. The subsidiary is currently considered dormant but it is anticipated that it may be used in the future possibly to aid in the design and build of new homes on behalf of the Trust.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Strategic Report - Objectives and Activities

Aims

Greensleeves Homes Trust is a charitable organisation providing care and accommodation for older people, primarily through residential, dementia and nursing care services. At the time of writing, the latter is provided in 18 care homes situated throughout England.

Greensleeves Homes Trust aims to achieve a step change in the number of beneficiaries it supports. By the end of 2022/23, we aim to support a thousand beneficiaries across our homes. This represents an increase of circa 350 beds from today's position.

The long-term strategy is guided by two strategic goals; quality improvement and sustainable development. A commitment to quality improvement will ensure continuous enhancement in the quality of care provided to residents and service users. A platform of sustainable development will ensure the charitable impact of Greensleeves expands in an enduring and affordable manner.

Our mission is to encourage residents to thrive as individuals and employees to practise as caring professionals. We achieve this through a set of core values which underpin and inform our work, namely; Trust & Autonomy; Openness & Transparency; Integrity & Consistency; Individual & Mutual Respect; Duty to Service.

Objectives

The objects of Greensleeves Homes Trust as defined by its Memorandum and Articles of Association are:

- The relief of persons who are in need by reason of age, ill-health or disability by the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities or by such other means as may be charitable;
- such other purposes for the benefit of the community as shall be exclusively charitable;

in each case for the public benefit.

Current Focus

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

The focus of Greensleeves Homes Trust's work is to provide residential, dementia and nursing care, comfort and security to older people, at an economic price that reflects our charitable status. The same standards are offered to all residents without regard to their background. Those unable to fund their care and who are subsidised by the local authority are afforded the same service as those that can. We pride ourselves on providing residents with a 'home for life' and it is only if their needs become such that we are unable to care for them that this is not achieved.

17 of our homes practise The Eden Alternative philosophy with eleven being formally validated. The philosophy's aim is to improve the lives of our residents and of our staff. Based around the core belief that ageing should be a continued stage of development and growth, rather than a period of decline, it is dedicated to eliminating the plagues of Loneliness, Helplessness and Boredom and goes beyond personal centred care.

During the year, Greensleeves Homes Trust employed approximately 800 staff who were supported by volunteer groups in some homes. There were 612 beds in 17 homes that provided residential, dementia and nursing care for older people. These homes were located in London (3), Bedfordshire, Buckinghamshire, Hampshire (2), Hertfordshire, Isle of Wight, Kent (2), Suffolk (3), East Sussex, Warwickshire, Wiltshire and the West Midlands. Since the year end, we have purchased another home in Kent which has added another 80 staff.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Strategic Report - Achievements and Performance

Against last year's 'Plans for the Future' –

- To continue to research potential development sites or new homes – this process continues in earnest and, as a result, in June 2015, we purchased an additional home in Sevenoaks Kent. This home, Gloucester House, provides dementia and nursing care for up to 54 residents. In addition, there are two further sites that are being actively pursued which, if successful, will add over 100 beds to the Trust's portfolio.
- To increase the Trust's influence in the care sector – we have continued to improve the Trust's visibility through membership of appropriate organisations including the National Care Forum with Paul Newman, the Trust's Chief Executive being appointed a Director in October 2014. We have actively participated in national care sector initiatives such as Care Home Open Day, Dementia Awareness Week and the National Activity Providers Association's 'Around the World Challenge' week. Finally, we have employed a Marketing & Communications Manager who has been successful in ensuring all of our achievements are more widely publicised.
- To continue to improve the standards of care and the overall service – our endeavours in this area have been acknowledged as we have been successful in many nationally recognised awards including the Laing & Buisson Independent Healthcare Awards where our home, Mount Ephraim House in Tunbridge Wells, Kent, won the Residential Care Provider award for 2014 which is the second year running that it had been won by the Trust. In addition, the Trust's homes were highly rated in the 2014 Your Care Rating survey with a number being amongst the highest rated in their particular region. The survey, which was compiled by Ipsos Mori in conjunction with the National Care Forum and Care England surveyed more than 21,000 residents across over 1,000 care homes in the UK.
- To continue to invest in the training and development of our staff – we now employ two regional Training Officers who complete regular mandatory training at all homes. In addition, our staff are kept up to date with other training in areas such as dementia care and The Eden Alternative.
- Some of our planned developments were still ongoing at the year end. Two smaller schemes have since been completed and a larger one, that was expected to start in the final quarter of the year, has been delayed due to ecology requirements.

Other achievements during the year –

- Greensleeves Homes Trust has provided high quality residential and nursing care for in excess of 600 increasingly frail older people at competitive weekly fees in homely environments that are staffed by caring, well trained staff.
- We achieved occupancy in our homes of 92.34% (2014: 94.84%) which compares favourably with the sector average which just exceeds 90% in 2015. This will ensure continued income to fund our future development plans and expansion. This was achieved through careful occupancy monitoring, marketing vacancies but mainly the good reputation of our homes.
- We have continued on our Eden Alternative journey having achieved accreditation at a further home which brings the total to eleven or over two thirds of the Trust's homes. The Eden Alternative philosophy is key to the Trust and is seen as a powerful way of improving the quality of life of our residents and in turn giving a better work life for our staff.
- In July 2014, the Board completed a strategic review and approved a new five-year corporate strategy and plan.
- The construction of the Trust's first new build home, De Lucy House in Diss, Norfolk continued with completion expected in August 2015. This will add a state of the art 60 bed home to the Trust's portfolio, further expanding our presence in East Anglia.
- We obtained planning permission to more than double the size of one of our existing homes. This was a significant achievement. The home is located in the Metropolitan Green Belt and, as a result, the application had to be referred to the Secretary of State for Communities and Local Government before final permission was granted.
- We held our annual Accolades event at The Oval cricket ground in London at which we recognised the achievements of our homes, employees and volunteers. This year's event was attended by almost 150 people with the majority being staff from our homes.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Strategic Report - Financial Review

Review of Transactions and Financial Position

The consolidated balance sheet shows that at 31 March 2015 the total funds of the group were £26.1million (2014: £25.4million). This was represented by tangible fixed assets of £31.8million (2014: £31.8million), net current assets of £2.9million including investments of £2.0million (2014: net current assets of £2.7million including investments of £1.8million) and long term liabilities of £8.6million (2014: £9.1million). Unrestricted funds of £26.0million (2014: £25.4million) represent the reserves available to the Trust to fulfil its many existing commitments over the long term and also to finance the growth in activity envisaged in future plans.

The Statement of Financial Activities shows incoming resources were £20.1million (2014: £19.2million):

- £19.7million (2014: £18.6million) of incoming resources relates to income produced by our core activity of providing residential care. This represents an increase of £1.1million compared to last year as income has risen in line with the higher levels of care being offered to residents.
- £76,000 (2014: £68,000) was investment income generated by our investment portfolio and cash reserves.
- £373,000 (2014: £394,000) is for other miscellaneous income including that generated by independent rented accommodation of £92,000 (2014: £97,000), donations and fundraising of £72,000 (2014: £76,000), the recharge of incidentals incurred on behalf of residents of £190,000 (2014: £187,000) and other income of £19,000 (2014: £34,000). (2014 also included grant income of £88,000 that was awarded to our homes to enable dementia environment improvements.)

Total resources expended for the year ended 31 March 2015 were £19.6million (2014: £18.6million):

- £18.6million (2014: £17.5million) relates to the residents' care costs representing an increase of £1.1million compared to last year with the majority of the extra cost being in respect of staff. In recognition of our residents' higher needs and our plans to add further homes, we have recruited further employees and have used significantly more agency staff. The plan is to recruit further and reduce agency usage in the coming year.
- £831,000 (2014: £989,000) was attributable to the cost of the Trust's Head Office with the decrease being due to a reduction in professional fees related to our expansion plans and a refund of costs incurred in respect of the contingent asset disclosed in last year's accounts. This was regarding a claim for the reimbursement of costs relating to the purchase of land on which a new home was to be built that was aborted at a very late stage by the vendor.
- £124,000 (2014: £104,000) relates to governance costs which include legal fees, auditor costs, an allocation of staff costs and Trustee related costs such as travel expenses, recruitment and training.
- £18,000 (2014: £17,000) is for costs relating to the various independent rented accommodations owned by the Trust.

Overall, a surplus from operating activities of £579,566 (2014: £505,231) was produced and this, together with unrealised gains made on investments of £74,347 (2014: £42,452), has increased reserves to a total of £26.1million (2014: £25.4million).

Consolidated accounts have been prepared which include the accounts of the Charity and Greensleeves Developments Limited. Greensleeves Developments Limited has an issued share capital of £4. As it generated no income during the year, it is considered a dormant company. A breakdown of Greensleeves Development Limited's Statement of Financial Activities and Balance Sheet is given in note 12 to these accounts.

Reserves

The Charity Commission defines free reserves as "income which becomes available to the Charity and is to be expended at the Trustees' discretion in furtherance of the Charity's objectives, but which is not yet spent, committed or expended".

The Board of Trustees regularly reviews the Trust's reserve levels in the light of its planned activities. They currently believe it necessary to hold reserves so that the future standards of service and accommodation offered to residents can be maintained and, hopefully, improved.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Reserves – continued

With this in mind, the Trust should have sufficient reserves available to fund revenue costs in the event of any unexpected problems that could occur. As the Trust's operational sites are widespread, it is hoped that such problems would be isolated to a particular site and would not affect the Trust as a whole. Therefore the reserves provision for revenue costs has been set at 10% of the Trust's ordinary costs for a period of three months. In addition to this requirement, and with reference to our active development programme, there should be further reserves available that are equivalent to actual capital commitments less any finance arrangements that are already in place.

At the balance sheet date, the Trust's free unrestricted general reserves were £2.8million which represents an excess of £2.0million over the £0.8million required by the Reserves Policy. The intention is for these reserves to contribute towards the redevelopment of our current homes and also to enable further expansion of the Trust. Since the year end, £1.2million of reserves have been used towards the purchase of our new home in Sevenoaks which will enable us to provide care for up to 54 additional residents. This leaves reserves of £1.6million which is in line with Reserves Policy requirements.

The Trustees have previously chosen to designate some of the unrestricted funds to create a fixed assets reserve which consists of the net book value of the residential homes, other properties and of equipment which are held for the long term benefit of the Trust less the year end long term balances outstanding on loans that were taken out to finance home purchases and developments. The balance of this reserve as at 31 March 2015 was £23.2million.

The Trust's Management Team actively monitor reserves on behalf of the Board of Trustees and they are responsible for providing quarterly updates on the current situation and highlighting any potential problems that are envisaged.

Greensleeves Homes Trust currently has total reserves of £26.1million of which £83,000 are restricted. These restricted funds are made up by amenity funds raised specifically for our homes' residents' benefit.

Investments

The Trustees of Greensleeves Homes Trust wish to ensure the sound and competent management of the Trust's financial assets in order to maximise the monies available to fulfil the charity's core purpose of meeting the needs of current and of future older people. In the light of this, investment of funds is weighted towards capital growth rather than immediate income with the aim of maintaining capital in the long term and making a sustainable and reliable return in line with RPI plus 4% (net of costs).

The Trustees have decided to place investments in a Common Investment Fund (CIF) established and approved by the Charity Commission and regulated by the Financial Services Authority. Day to day investment decisions are delegated to the Investment Manager, who follows the requirements set out below:

- Equity like returns at less than three quarters volatility of the equity markets;
- The Trust does not apply any restrictions on where investments are placed, other than that the CIF cannot be leveraged;
- Liquidity: all funds should be capable of being available in one week.

The Investment Manager produces a report at quarterly intervals, measuring performance over the last five years, using the above benchmark.

The Trustees review this policy and the appropriateness of the CIF and meet the Investment Manager at least every 12 months. The policy is also reviewed at any stage if there are any significant changes to the Trust's situation.

The Trust's investments are overseen by Schroders & Co. Ltd with the majority of monies now being held in their Charity Multi-Asset Fund. During the year, income of £70,000 was generated with this being used to purchase additional units. At the year end, we recorded unrealised gains of £74,000. Taking net gains and cash withdrawals into consideration, the portfolio's market value as at 31 March 2015 stood at £1.98million plus cash balances of £823 (2014: £1.83million and £1,306 respectively).

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2015

Strategic Report - Plans for the Future

Our main aim is to continue providing the same quality care that we are known for and, where possible, to improve on these standards through the ongoing training of our staff and also with the updating of our homes.

Key Plans

- To continue to invest in the training and development of our staff to ensure that they are able to provide appropriate care for both current and future older generations.
- To continue to improve the standards of care and the overall service by developing the Eden Alternative philosophy and ensuring all of our homes receive validation.
- To successfully embed our two new homes, De Lucy House in Diss, Norfolk and Gloucester House in Sevenoaks, Kent into the Trust.
- To continue to research potential development sites or new homes to expand the Trust's current portfolio of homes and the types of care it provides. This is in line with our medium to long term aim for the Trust to have 1,000 beds by March 2023.
- To increase the Trust's influence and visibility in the care sector by positively promoting our homes both locally and nationally.

Capital Programme

Greensleeves Homes Trust's major asset is the property it owns and as such its maintenance, enhancement and expansion remains at the forefront of the Trust's plans. Our portfolio currently includes 18 residential and nursing care homes ranging from purpose built properties to listed buildings. In each, we strive to offer our residents the best environment possible, and to do this requires continuing capital investment.

Expansion plans are being developed at a number of our homes and these are currently at the design stages. The works will further increase our beneficiary numbers, enhance the quality of home environments and ensure yet more of our homes are fit for the future.

Strategic Report – Risks and Uncertainties

We have an active Risk Register that is reviewed on a quarterly basis by Trustees and by the Management team. Mitigating actions are taken to minimise the likelihood and impact of all risks. The following are the key risks and uncertainties currently facing the Trust:

- Poor operational / care performance results in either Care Quality Commission enforcement action or the Trust fails to open new services effectively, leading to damage to the Trust's reputation.
- Availability of bank financing at suitable rates that could prevent the Trust achieving its current target of having 1,000 beds by March 2023.
- Lack of suitable development opportunities which could curtail our aim of expanding the number of beneficiaries that we support.
- Failure to meet the current regulatory requirements of the Care Quality Commission and the Charity Commission or to identify and comply with any changes in legislation.
- High staff turnover and our ability to recruit staff with sufficient knowledge, skills, expertise or experience to provide good care which could lead to higher use of agency staff and inconsistent care standards.

The Report of the Board of Trustees and the Strategic Report are formally approved by the Trustees. They also approve the Strategic Report in their capacity as company directors.

By Order of the Trustees



Michael Holt - Trustee of Greensleeves Homes Trust
28 July 2015

GREENSLEEVES HOMES TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2015

The Trustees (who are also Directors of Greensleeves Homes Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Trust and the group and of the incoming resources and application of resources including the income and expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSLEEVES HOMES TRUST

We have audited the financial statements of Greensleeves Homes Trust for the year ended 31 March 2015 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

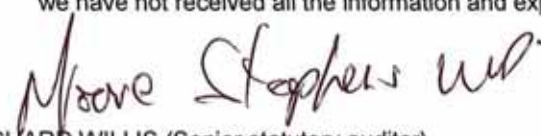
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


RICHARD WILLIS (Senior statutory auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London, UK

28 July 2015

GREENSLEEVES HOMES TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2015

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2015</u> £	<u>Total 2014</u> £
INCOMING RESOURCES					
Incoming resources from generated funds					
Donations and fundraising		6,869	65,023	71,892	75,796
Investment income	2	75,867	-	75,867	68,484
Incoming resources from charitable activities					
Residents' care fees		19,687,714	-	19,687,714	18,600,666
Grant income		-	-	-	87,544
Other rental income		91,950	-	91,950	97,146
Other incoming resources					
Miscellaneous income		209,068	-	209,068	221,449
Total incoming resources		20,071,468	65,023	20,136,491	19,151,085
RESOURCES EXPENDED					
Cost of generating funds					
Investment manager fees		1,094	-	1,094	-
Charitable activities					
Residents' care costs		18,541,333	42,207	18,583,540	17,535,927
Head Office costs		830,800	-	830,800	988,970
Other rental costs		17,617	-	17,617	16,980
Governance costs					
		123,874	-	123,874	103,977
Total resources expended	3	19,514,718	42,207	19,556,925	18,645,854
Net incoming resources before other recognised gains and losses		556,750	22,816	579,566	505,231
Realised gain on investments		-	-	-	-
Net income for the year		556,750	22,816	579,566	505,231
Unrealised gain on investments		74,347	-	74,347	42,452
Net movement in funds		631,097	22,816	653,913	547,683
Funds brought forward 1 April 2014	10	25,354,520	60,413	25,414,933	24,867,250
Funds carried forward 31 March 2015	10	25,985,617	83,229	26,068,846	25,414,933

All of the above results are derived from continuing activities.
All gains and losses recognised in the year are included in the Statement of Financial Activities.
The notes on pages 14 to 23 form part of these financial statements.

GREENSLEEVES HOMES TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2015

	<u>Notes</u>	<u>2015</u> £	<u>Group</u> 2014 £	<u>2015</u> £	<u>Charity</u> 2014 £
FIXED ASSETS					
Tangible fixed assets	6	31,751,044	31,760,642	31,751,044	31,760,642
		<u>31,751,044</u>	<u>31,760,642</u>	<u>31,751,044</u>	<u>31,760,642</u>
CURRENT ASSETS					
Investments	7	1,977,447	1,834,044	1,977,447	1,834,044
Debtors	8	828,983	768,363	828,979	768,359
Bank and cash balances		2,587,959	2,358,850	2,587,907	2,358,799
		<u>5,394,389</u>	<u>4,961,257</u>	<u>5,394,333</u>	<u>4,961,202</u>
CURRENT LIABILITIES					
Amounts falling due within one year	9	(2,488,858)	(2,259,771)	(2,488,858)	(2,259,771)
		<u>(2,488,858)</u>	<u>(2,259,771)</u>	<u>(2,488,858)</u>	<u>(2,259,771)</u>
NET CURRENT ASSETS		<u>2,905,531</u>	<u>2,701,486</u>	<u>2,905,475</u>	<u>2,701,431</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,656,575</u>	<u>34,462,128</u>	<u>34,656,519</u>	<u>34,462,073</u>
CREDITORS					
Amounts falling due after more than one year	9	(8,587,729)	(9,047,195)	(8,587,729)	(9,047,195)
		<u>(8,587,729)</u>	<u>(9,047,195)</u>	<u>(8,587,729)</u>	<u>(9,047,195)</u>
NET ASSETS		<u>26,068,846</u>	<u>25,414,933</u>	<u>26,068,790</u>	<u>25,414,878</u>
UNRESTRICTED FUNDS					
General funds		2,822,302	2,641,073	2,822,246	2,641,018
Designated funds		23,163,315	22,713,447	23,163,315	22,713,447
	10	<u>25,985,617</u>	<u>25,354,520</u>	<u>25,985,561</u>	<u>25,354,465</u>
RESTRICTED FUNDS	10	<u>83,229</u>	<u>60,413</u>	<u>83,229</u>	<u>60,413</u>
TOTAL FUNDS	11	<u>26,068,846</u>	<u>25,414,933</u>	<u>26,068,790</u>	<u>25,414,878</u>

Approved by the Board of Trustees and authorised for issue on 28 July 2015 and signed on their behalf by:


Michael Holt – Trustee of Greensleeves Homes Trust

The notes on pages 14 to 23 form part of these financial statements.

Company Registered Number 03260168

GREENSLEEVES HOMES TRUST
CONSOLIDATED CASH FLOW STATEMENT
31 MARCH 2015

	£	<u>2015</u>	£	£	<u>2014</u>	£
Net cash inflow from operating activities		2,494,183			2,290,677	
Returns on investment and servicing of finance						
Dividends received	69,669			63,968		
Interest received	6,198			4,516		
Loan and overdraft interest and charges payable	(501,025)			(515,191)		
		<hr/>		<hr/>		
		(425,158)			(446,707)	
Financing						
New loan facilities	-			83,759		
Capital repayments	(437,688)			(429,010)		
		<hr/>		<hr/>		
		(437,688)			(345,251)	
Capital expenditure and financial investment						
Purchases of tangible fixed assets	(1,333,172)			(603,893)		
Sale of tangible fixed assets	-			-		
Purchases of investments	(69,056)			(62,951)		
		<hr/>		<hr/>		
		(1,402,228)			(666,844)	
Increase in cash		229,109			831,875	
		<hr/>			<hr/>	
Reconciliation of net incoming resources to net cash inflow from operating activities						
Net incoming resources		579,566			505,231	
(Increase) in debtors		(60,620)			(48,111)	
Increase in creditors		207,309			50,829	
Depreciation		1,342,766			1,336,020	
Returns on investments and servicing of finance		425,158			446,707	
Write off of tangible fixed assets		4			1	
		<hr/>			<hr/>	
Net cash inflow from operating activities		2,494,183			2,290,677	
		<hr/>			<hr/>	
Analysis of changes in net funds						
	Cash at			Cash at		
	1 April 2014	Cashflows		31 March 2015		
Cash at bank	2,358,850	229,109		2,587,959		
	<hr/>	<hr/>		<hr/>		

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention with the exception of investments which are included at market value. This is in accordance with applicable accounting standards and with the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities' issued by the Charity Commission in March 2005.

(b) Basis of consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Greensleeves Developments Limited on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the Charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

	<u>2015</u> £	<u>2014</u> £
Charity's incoming resources	20,136,491	19,151,085
Charity's resources expended	(19,556,925)	(18,645,854)
	<hr/>	<hr/>
Charity's net incoming resources	579,566	505,231
	<hr/>	<hr/>

(c) Income recognition

Income and residents care fees are accounted for when receivable except for dividend income, which is recognised when received. Investment income, including bank interest, is stated gross.

(d) Resources expended

Resources expended are accounted for on an accruals basis.

Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Support costs are expenses relating to specific income strands, together with the cost of running the Trust's Head Office, and as such none have been allocated against our core charitable activity of residential care. Governance costs are those incurred in connection with the management of the Charity's assets, compliance with constitutional and statutory requirements.

(e) Fixed assets

Depreciation and amortisation of fixed assets have been provided on a straight line basis at rates calculated to write off the cost over the estimated useful lives of the assets.

Freehold property	- 2% per annum
Refurbishment of freehold property	- 5% per annum
Long-term leasehold property	- over period of lease
Computer equipment	- 33% per annum
Furniture and equipment	- 20% per annum
Motor vehicles	- 25% per annum

Fixed assets include amounts in respect of significant development contracts' valuation certificates received immediately after the year end on the assumption that the work thereon would have occurred prior to the year end.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

1 ACCOUNTING POLICIES (Continued)

(e) Fixed assets (continued)

Where a development at one of our homes is being funded by way of bank finance, any loan interest and associated charges that are attributable to the period during the works are capitalised as part of the project's cost.

Provisions for impairment are made if there is a permanent diminution in the value based on the future service potential of the Trust's assets.

Depreciation is only charged once an asset is available for use.

(f) Investments

Investments are stated at market value. Realised gains or losses on disposals and unrealised gains or losses when the investments are revalued at the year end are reflected in the Statement of Financial Activities.

Investments are classified on the balance sheet as a current asset as they may be disposed of during the forthcoming year.

(g) Funds

General funds are unrestricted funds held for the general objects of the Trust's work. Restricted funds are funds used for specific purposes as laid down by the donor. Expenditure which meets this criterion is identified to the specific fund. Designated funds are unrestricted funds set aside by the Trustees for a particular purpose.

(h) Pension

The Trust operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered Scheme.

2 INVESTMENT INCOME

	<u>2015</u> £	<u>2014</u> £
Dividends	69,669	63,968
Bank interest	6,198	4,516
	<hr/>	<hr/>
	75,867	68,484
	<hr/>	<hr/>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

3 RESOURCES EXPENDED

a) Analysis of total resources expended

	<u>Staff costs</u> (note 4) £	<u>Other care costs</u> (note 3b) £	<u>Support costs</u> (note 3c) £	<u>Total 2015</u> £	<u>Total 2014</u> £
Unrestricted funds					
Cost of generating funds					
Investment manager fees	-	-	1,094	1,094	-
Charitable activities					
Residents' care costs	12,669,897	5,871,436	-	18,541,333	17,482,896
Head Office costs	240,814	-	589,986	830,800	988,970
Other rental costs	-	-	17,617	17,617	16,980
Governance costs	60,203	-	63,671	123,874	103,977
	<u>12,970,914</u>	<u>5,871,436</u>	<u>672,368</u>	<u>19,514,718</u>	<u>18,592,823</u>
Restricted funds					
Charitable activities					
Residents' care costs	-	42,207	-	42,207	53,031
	<u>-</u>	<u>42,207</u>	<u>-</u>	<u>42,207</u>	<u>53,031</u>
Total resources expended	<u>12,970,914</u>	<u>5,913,643</u>	<u>672,368</u>	<u>19,556,925</u>	<u>18,645,854</u>

b) Analysis of other care costs

	<u>2015</u> £	<u>2014</u> £
Charitable activities		
Food	1,041,915	1,021,947
Medical costs	54,008	57,896
Activities	319,760	329,419
Care Quality Commission fees	80,079	74,621
Maintenance	1,232,438	1,399,638
Cleaning and housekeeping	445,455	425,065
Insurance	83,312	79,153
Utilities costs	614,117	602,235
Administration costs	229,022	275,101
Loan interest and charges	501,025	515,191
Depreciation	1,312,508	1,330,725
Write off of tangible fixed assets	4	1
	<u>5,913,643</u>	<u>6,110,992</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

3 RESOURCES EXPENDED (continued)

c) Analysis of support costs

	<u>2015</u> £	<u>2014</u> £
Investment manager fees	1,094	-
Head Office running costs	561,523	800,219
Rental property costs	15,822	15,185
Depreciation	30,258	5,295
Governance costs	63,671	57,664
	<hr/> 672,368 <hr/>	<hr/> 878,363 <hr/>

d) Analysis of governance costs

	<u>2015</u> £	<u>2014</u> £
Legal and professional fees	24,168	17,629
Audit fees	24,900	24,900
Other auditor charges	-	1,182
Allocation of staff costs	60,203	46,313
Trustee recruitment	-	11,440
Trustees' expenses	3,499	2,513
Trustee training and development	11,104	-
	<hr/> 123,874 <hr/>	<hr/> 103,977 <hr/>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

4 WAGES AND SALARIES

	<u>2015</u> £	<u>2014</u> £
Summary of wages and salaries allocation:		
Charitable activity staff costs	12,669,897	11,424,935
Head Office	240,814	185,251
Governance costs	60,203	46,313
	<hr/> 12,970,914	<hr/> 11,656,499
Analysis of wages and salaries:		
Salaries	10,460,041	9,924,301
National insurance costs	583,141	493,932
Pension costs	156,358	112,415
Agency staff	1,112,002	582,351
Training	269,857	188,317
Recruitment	129,366	69,340
Other staff costs	260,149	285,843
	<hr/> 12,970,914	<hr/> 11,656,499

The average number of persons employed during the year was:-

	<u>2015</u> Number	<u>2014</u> Number
Charitable activities	774	794
Head Office and governance	6	4
	<hr/> 780	<hr/> 798

The number of employees whose emoluments amount to over £60,000 in the year was as follows:-

	<u>2015</u> Number	<u>2014</u> Number
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£100,001 to £110,000	1	-
	<hr/> 2	<hr/> 2

Pension contributions paid on behalf of the above employees for the year amounted to £8,361 (2014: £5,322).

5 TRUSTEE AND RELATED PARTY TRANSACTIONS

The Trustees received no remuneration for their services during the current or prior year. Travel expenses of £3,499 were reimbursed to 14 Trustees during the year (2014: £2,513 for 14 Trustees).

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

6 TANGIBLE FIXED ASSETS – Group and Charity

	<u>Freehold property</u> £	<u>Long term leasehold property</u> £	<u>Computer equipment</u> £	<u>Furniture and equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost						
At 1 April 2014	37,862,863	84,243	183,558	3,058,726	79,367	41,268,757
Additions during the year	1,085,433	-	97,516	144,728	5,495	1,333,172
Written off during the year	-	-	(81,200)	(32,641)	-	(113,841)
At 31 March 2015	38,948,296	84,243	199,874	3,170,813	84,862	42,488,088
Depreciation						
At 1 April 2014	6,756,299	21,949	170,489	2,488,361	71,017	9,508,115
Charge for the year	1,037,315	1,264	37,066	262,448	4,673	1,342,766
Written off during the year	-	-	(81,197)	(32,640)	-	(113,837)
At 31 March 2015	7,793,614	23,213	126,358	2,718,169	75,690	10,737,044
Net book value at 31 March 2015	31,154,682	61,030	73,516	452,644	9,172	31,751,044
Net book value at 31 March 2014	31,106,564	62,294	13,069	570,365	8,350	31,760,642

Included above, as part of the cost of Freehold Property, is an amount of £377,554 which is the accumulated loan interest and associated charges that have been capitalised as part of the cost of a redevelopment at one of our homes. All of this amount was capitalised in earlier years and none has been capitalised in this year.

Further capital expenditure contracted for at 31 March 2015 but not provided for in these accounts amounted to £241,000 (2014: £121,000).

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

7 CURRENT ASSET INVESTMENTS – Group and Charity

	<u>2015</u> £	<u>2014</u> £
Market value at 1 April 2014	1,834,044	1,728,641
Add: additions to investments at cost	69,056	62,951
Net unrealised gain in the year	74,347	42,452
	<hr/>	<hr/>
Market value at 31 March 2015	1,977,447	1,834,044
	<hr/>	<hr/>
Cost at 31 March 2015	1,647,384	1,578,327
	<hr/>	<hr/>
	<u>2015</u> £	<u>2014</u> £
Investments are represented by:		
Schroder Charity Multi-Asset Fund	1,976,270	1,833,178
Corporate bonds	1,177	866
	<hr/>	<hr/>
	1,977,447	1,834,044
	<hr/>	<hr/>

All investments are held in the United Kingdom but the Schroder Charity Multi-Asset Fund does have some exposure to overseas investments.

8 DEBTORS – Group and Charity

	<u>2015</u> £	<u>Group</u> 2014 £	<u>2015</u> £	<u>Charity</u> 2014 £
Amounts due within one year:				
Residential care home debtors	477,922	461,713	477,922	461,713
Other debtors	55,152	58,548	55,148	58,544
Prepayments and accrued income	295,909	248,102	295,909	248,102
	<hr/>	<hr/>	<hr/>	<hr/>
	828,983	768,363	828,979	768,359
	<hr/>	<hr/>	<hr/>	<hr/>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

9 CREDITORS – Group and Charity

	<u>Group</u>		<u>Charity</u>	
	<u>2015</u> £	<u>2014</u> £	<u>2015</u> £	<u>2014</u> £
Amounts due within one year:				
Bank loans	456,321	434,543	456,321	434,543
Other creditors and accruals	1,829,643	1,617,123	1,829,643	1,617,123
Payments in advance	202,894	208,105	202,894	208,105
	<u>2,488,858</u>	<u>2,259,771</u>	<u>2,488,858</u>	<u>2,259,771</u>
Amounts due after more than one year:				
Bank loans	8,587,729	9,047,195	8,587,729	9,047,195
	<u>8,587,729</u>	<u>9,047,195</u>	<u>8,587,729</u>	<u>9,047,195</u>

The bank loans listed above consist of the three loans detailed below. The capital and interest repayments for all are paid on a quarterly basis. All are secured against certain of the freehold properties:

Loan one, which was used to purchase Borovere, commenced in April 2005 and is repayable over 20 years. It is comprised of two tranches

- Tranche 1 was for 50% of the original loan amount charged at a 20 year fixed interest rate based on the rate at the time of drawdown plus the bank's margin
- Tranche 2 was for 50% of the original loan amount charged at an interest rate equivalent to Base Rate plus the bank's margin

Loan two, which was used to purchase Speirs House, commenced in March 2010 and is repayable over 20 years. It is comprised of three tranches:

- Tranche 1 was for 50% of the original loan amount charged at a 10 year fixed interest rate based on the rate at the time of drawdown plus the bank's margin
- Tranche 2 was for 25% of the original loan amount charged at a 20 year fixed interest rate based on the rate at the time of drawdown plus the bank's margin
- Tranche 3 was for 25% of the original loan amount charged at an interest rate equivalent to 3 Month LIBOR plus the bank's margin

Loan three, which was used to fund works at St Cross Grange, was drawn over a two year period during the development. It is a 10 year facility with repayments commencing in May 2013. It is comprised of two tranches:

- Tranche 1 was for 75% of the original loan amount charged at a 10 year fixed interest rate based on the rate at the time of the first drawdown plus the bank's margin
- Tranche 2 was for 25% of the original loan amount charged at an interest rate equivalent to 3 Month LIBOR plus the bank's margin

At the year end the total amount outstanding was repayable as follows:

	<u>2015</u> £	<u>2014</u> £
Due within one year	456,321	434,543
Due between two and five years	2,918,222	1,939,650
Due after more than five years	5,669,507	7,107,545
	<u>9,044,050</u>	<u>9,481,738</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

10 FUNDS – Group

	At 1 April 2014 £	Net incoming resources £	Transfer between funds £	Net gain on Investment £	At 31 March 2015 £
Unrestricted					
General funds	2,641,073	556,750	(449,868)	74,347	2,822,302
Designated funds					
Fixed assets reserve	22,713,447	-	449,868	-	23,163,315
Total unrestricted funds	<u>25,354,520</u>	<u>556,750</u>	<u>-</u>	<u>74,347</u>	<u>25,985,617</u>
Restricted					
Amenity funds	60,413	22,816	-	-	83,229
Total restricted funds	<u>60,413</u>	<u>22,816</u>	<u>-</u>	<u>-</u>	<u>83,229</u>
Total funds	<u>25,414,933</u>	<u>579,566</u>	<u>-</u>	<u>74,347</u>	<u>26,068,846</u>

The fixed assets reserve consists of the net book value of the residential homes, other properties and of equipment which are held for the long term benefit of the Trust less the year end long term balances outstanding on loans taken out to finance home purchases and developments.

The amenities fund represents funds raised by each home to be spent on specific projects and activities in that home.

Transfer between funds of £449,868 represents a net movement in fixed asset values and loan balances during the year.

11 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	Restricted funds £	Designated funds £	General funds £	Total £
Tangible fixed assets	-	31,751,044	-	31,751,044
Investments	-	-	1,977,447	1,977,447
Current assets	83,229	-	3,333,713	3,416,942
Current liabilities	-	-	(2,488,858)	(2,488,858)
Long term liabilities	-	(8,587,729)	-	(8,587,729)
Total net assets	<u>83,229</u>	<u>23,163,315</u>	<u>2,822,302</u>	<u>26,068,846</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31 MARCH 2015

12 SUBSIDIARY RESULTS

Greensleeves Developments Ltd has an issued share capital of £4 which is held by Greensleeves Homes Trust. The company is currently dormant and is being kept in existence for possible future use.

A summary of the company's trading results and balance sheet is shown below:

	<u>2015</u> £	<u>2014</u> £
Profit and loss account		
Turnover	-	-
	<hr/>	<hr/>
Operating profit	-	-
Bank interest receivable	1	-
	<hr/>	<hr/>
Retained profit for the year	1	-
	<hr/>	<hr/>
	<u>2015</u> £	<u>2014</u> £
Balance sheet		
Debtors	4	4
Cash at bank	52	51
	<hr/>	<hr/>
	56	55
	<hr/>	<hr/>
Net assets	56	55
	<hr/>	<hr/>

13 TAXATION

Greensleeves Homes Trust is a registered charity and it is therefore exempt from taxation on its charitable activities as it falls within the definition of Charitable Company as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.

14 CONNECTED ENTITIES

The following entities are connected to the Trust by virtue of common or related objects or by unity of administration:

WRVS Trust – A charitable Trust supporting the activities of Greensleeves Homes Trust and the Women's Royal Voluntary Service whose responsibility is to distribute legacies on receipt to the appropriate legatee.

F

APPENDIX F

CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

GREENSLEEVES HOMES TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

GREENSLEEVES HOMES TRUST

**(A Company limited by Guarantee not having a share capital -
Company Registered Number 03260168)**

(Charity Registration Number 1060478)

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

GREENSLEEVES HOMES TRUST
ANNUAL REPORT
YEAR ENDED 31 MARCH 2016

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GREENSLEEVES HOMES TRUST

LEGAL AND ADMINISTRATIVE DETAILS

(A Company limited by Guarantee not having a share capital - Company Registered Number 03260168)
(Charity Registration Number 1060478)

TRUSTEES

Mr R Costella
Mr M Girling
Ms K Gray (Appointed 28 July 2015)
Ms L Harris-Ryberg
Mr M J Holt (Chairman - Retired 20 May 2016)
Ms E Marsh
Ms L Ramakrishnan
Mr P Rees
Mr C Shaw (Chairman - With effect from 20 May 2016)
Mr R Strange OBE (Vice Chairman)
Mr P Varney

COMPANY SECRETARY

Mr G Almond

CHIEF EXECUTIVE

Mr P Newman

REGISTERED OFFICE

Unit 2 Regent Terrace
Rita Road
London
SW8 1AW

STATUTORY AUDITOR

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

BANKERS

Lloyds Bank Plc
2nd Floor
39 Threadneedle Street
London EC2R 8AU

SOLICITORS

Wilsons
4 Lincoln's Inn Fields
London
WC2A 3AA

Moon Beaver
24-25 Bloomsbury Square
London
WC1A 2PL

INVESTMENT ADVISORS

Schroder & Co. Ltd
12 Moorgate
London
EC2R 6DA

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2016

The Trustees, who are the directors for the purposes of the Companies Act 2006, present the report and financial statements of Greensleeves Homes Trust ("the Trust" / "the Charity") for the year ended 31 March 2016. The Trustees confirm that the annual report and financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Report Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, Governance and Management

Greensleeves Homes Trust is a company limited by guarantee and a registered charity. Its governing instrument is its Memorandum and Articles of Association which was updated on 4 February 2014.

The Trustees

As at 31 March 2016, the Board of Trustees comprised eleven members who are responsible for the overall policy, direction and strategy of the Trust and for the oversight of its financial affairs. All attend Trustees' meetings, held throughout the year, at which the important matters affecting the Trust are discussed and decisions made.

All Trustees are issued with relevant key documentation including the Memorandum and Articles of Association, current annual budgets and business plans, as well as information about regulatory requirements in the care sector. They are kept informed of any developments within the Trust and in legislation affecting the Trust by the Chief Executive's Update which is issued on a regular basis and in detailed papers prior to each Board Meeting.

The current Trustees come from a wide range of backgrounds and provide the Trust with a high calibre of expertise and advice that complements support from our external advisers.

Finance & Audit Committee

The Finance & Audit Committee comprises four Trustees and has responsibility for providing the Board with assurance on the adequacy of all systems, controls and processes that may have an impact on the Trust's ability to meet its objectives and to ensure that its financial resources are being deployed appropriately in furtherance of its objectives.

Property Committee

The Property Committee comprises five Trustees and is responsible for providing the Board, the Chief Executive and Senior Management Team with advice on property related issues, consistent with the Trust's objectives. In particular, it advises on development activity both within the existing portfolio and by evaluating new opportunities.

Remuneration Committee

The Remuneration Committee comprises three Trustees and is responsible for advising the Board and Chief Executive on pay and reward throughout the Trust, with a particular focus on the pay of senior staff, on any reward and incentive scheme and on pension issues.

Care & Quality Improvement Committee

The Care & Quality Improvement Committee comprises four Trustees and is responsible for the clinical governance and risk management of resident safety and experience, quality standards and compliance, and service development / innovation.

Nominations Committee

The Nominations Committee meets as required and is responsible for effective succession planning for senior roles in the Trust such as the Chairman, Vice Chairman, Chairman of any standing committee, Trustees and the Chief Executive.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2016

Health and Safety

At Greensleeves Homes Trust we believe a safe environment for staff, residents and guests is an essential right and so we work hard to ensure that no one should come to any harm within any of our care homes. The responsibility for ensuring the safety and wellbeing of all is shared by everyone within the Trust and as such all staff are provided with relevant training, equipment and resources to achieve this goal.

To manage the provision of the training, equipment and resources, as well as the management of any accidents, incidents or near misses, a comprehensive Health and Safety Compliance process has been implemented that is ultimately overseen by the Board of Trustees with support from the Health and Safety Consultative Committee, Senior Management Team and Care Home Managers.

During the year, we have not had to report any serious accidents or similar events to any regulatory body.

Risk Assessment

Identifying possible areas of risk that could affect the Trust is taken very seriously. We have an active Risk Register, covering the business, operational and financial areas of the Trust, and it is regularly reviewed in detail by appropriate members of the Senior Management Team. The Team, which comprises senior members of Head Office staff, meet on a quarterly basis to discuss all existing risks and to identify any new ones. The Register is updated accordingly before it is subsequently considered by the Finance & Audit Committee. Its review also forms part of the agenda of the Trust's other committees as appropriate. A summary is then presented to the full Board of Trustees at their quarterly meeting. The Senior Management Team carries out a variety of internal controls on a regular basis to ensure that any potential problems are identified and tackled as soon as possible.

These internal controls include:

- monthly visits to the homes by a rotation of Head Office staff that cover all aspects of the day to day running of each home including reviewing the areas of care, HR and health & safety.
- regular inspections of each home's financial records by the Trust's Finance Team to ensure that everything is in order and that there is no potential misappropriation of the Trust's funds;
- continued training of staff to ensure that they have the relevant skills and knowledge to meet the needs of the Trust.
- regular visits to the homes by a rotation of Trustees.

In addition, we employ external providers who complete care, health and safety and financial audits thus giving additional reassurance.

Management and Staffing

Trustees delegate the day-to-day running of the Charity to a full-time Chief Executive, who is supported by a Senior Management Team including the Deputy Chief Executive and Chief Financial Officer. Among their many responsibilities are the development and strengthening of the services provided within the framework set by the Trustees, ensuring staff are recruited who understand the Trust's values and the regulatory requirements in the care sector, and optimising the use of the Trust's assets. In addition they provide strategic and operational leadership ensuring that regulatory requirements are met, agreed standards of service are maintained within budget and new sustainable income streams and development opportunities are identified.

Other key members of Head Office staff also assist with day to day operations and are involved in forward planning and the focus of the Trust. In anticipation of the Trust's increasing development plans, during the year, additional staff were added at Head Office and further people will be recruited in the coming year. This has impacted costs for the year and will do so again next year.

Throughout the year, the home managers attend a variety of seminars and Trust wide training events to ensure that they are kept informed of any care, HR, financial, property and health and safety issues. External speakers are invited to attend the events to share their knowledge and experience.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2016

Management and staffing - continued

The Trust has adopted a formal Remuneration Policy which is regularly reviewed. The Policy helps ensure we reward, motivate and retain staff with a particular focus on ensuring our staff members maintain high standards of care for our residents. We are committed to ensuring a proper balance between paying our staff fairly so we attract and retain the best people for the job whilst carefully managing our financial net income. The pay of senior staff is reviewed and benchmarked against other similar care providers annually. In addition, a biennial remuneration review is conducted by an external consultancy to provide benchmarking support on both pay and benefits provision. The Remuneration Committee determine the level of increase giving specific consideration to the salary of key management staff namely, the Chief Executive, the Deputy Chief Executive and the Chief Financial Officer. The Board of Trustees make the final decision on any increase.

The Trustees would like to take this opportunity to thank both staff and volunteers for their contribution during the year.

Greensleeves Developments Limited

The Trust has a subsidiary whose accounts are consolidated into these financial statements. It is currently considered dormant but is being kept in existence in case a trading subsidiary was required for any future activities.

Strategic Report - Objectives and Activities

Aims

Greensleeves Homes Trust is a charitable organisation providing care and accommodation for older people, primarily through residential, dementia and nursing care services.

The long-term strategy is guided by two strategic goals; quality improvement and sustainable development. A commitment to quality improvement will ensure continuous enhancement in the quality of care provided to residents and service users. A platform of sustainable development will ensure the charitable impact of Greensleeves expands in an enduring and affordable manner.

Our mission is to encourage residents to thrive as individuals and employees to practise as caring professionals. We achieve this through a set of core values which underpin and inform our work, namely; Respect; Openness; Responsibility.

Greensleeves Homes Trust aims to achieve a step change in the number of beneficiaries it supports. In 2012, the Trustees set a target of supporting one thousand beneficiaries across our homes by March 2023. At that time, this represented an increase of 420 residents.

Objectives

The objects of Greensleeves Homes Trust as defined by its Memorandum and Articles of Association are:

- The relief of persons who are in need by reason of age, ill-health or disability by the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities or by such other means as may be charitable;
- such other purposes for the benefit of the community as shall be exclusively charitable;

in each case for the public benefit.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2016

Current Focus

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

The focus of Greensleeves Homes Trust's work is to provide residential, dementia and nursing care, comfort and security to older people, at an economic price that reflects our charitable status. The same standards are offered to all residents without regard to their background. Those unable to fund their care and who are subsidised by the local authority are afforded the same service as those that can. We pride ourselves on providing residents with a 'home for life' and it is only if their needs become such that we are unable to care for them that this is not achieved.

All of our 20 homes practise The Eden Alternative philosophy with 13 being validated formally. The ultimate goal is that all 20 will have validation. The philosophy's aim is to improve the lives of our residents and of our staff. Based around the core belief that ageing should be a continued stage of development and growth, rather than a period of decline, it is dedicated to eliminating the plagues of Loneliness, Helplessness and Boredom and goes beyond personal centred care. It enables our staff to be creative when giving care creating vibrant communities where contact with children, the outdoors and animals is central the home. Our residents are given the opportunity to fulfil their wishes such as going to a football match, driving a racing car or simply having fish and chips at the seaside.

During the year, Greensleeves Homes Trust employed approximately 920 staff who were supported by volunteer groups in some homes. As at 31 March 2016, we are able to care for up to 789 residents in 20 homes that provide residential, dementia and nursing care for older people. These homes are located in London (4), Bedfordshire, Buckinghamshire, East Sussex, Hampshire (2), Hertfordshire, Isle of Wight, Kent (2), Norfolk, Suffolk (3), Warwickshire, the West Midlands and Wiltshire.

Strategic Report - Achievements and Performance

Against last year's specific 'Plans for the Future' -

- To increase the Trust's influence and visibility in the care sector - we have continued to improve the Trust's visibility through membership of appropriate organisations including the National Care Forum. We have actively participated in national care sector initiatives, won numerous local, regional and national industry awards. The number of positive reviews on external websites continues to grow and some homes are now rated as the best in their area. We were the number one care group for Quality of Life in the national Your Care Rating survey which included responses from 22,000 individuals. In addition, in February 2016, we were ranked sixth most compliant care group in a respected care publication's 'Top 20 Older & Dementia Residential Care Providers' league table for those homes with over 500 beds (Source: LaingBuisson).
- To continue to invest in the training and development of our staff - having added three new homes during the year, we doubled the size of our Quality and Training Team and invested £340,000 in mandatory and non-mandatory training for our staff. Training is also offered to Trustees who, for example, during the year attended Virtual Dementia Tour training which gives an insight into what it is like to live with dementia. This was a great success and the intention is that it now will also be undertaken by all of our staff. We retained Trust-wide Investors in People accreditation thus confirming our staff have a true understanding of our values and strategy. In addition, individually, one home has Gold accreditation and another has Silver.
- To continue to improve the standards of care and the overall service - our progress on our Eden Alternative journey continued with a further three homes being validated in the year bringing the total to 13. We constantly aim to improve, striving for the highest standards of care possible. During the year, we developed and implemented a Trust-wide Dementia Service which embraces values-based recruitment and many of our staff are now Dementia Friends, an Alzheimer's Society Initiative. Ten of our homes are rated Good overall under the Care Quality Commission's new inspection regime with three homes achieving an Outstanding in one of the categories; one in the all-important Caring category and the other two in the Responsive category.
- To successfully embed our two new homes, De Lucy House and Gloucester House. De Lucy House admitted its first resident on 10 September 2015 and numbers increased in line with projections to 21 on 31 March 2016. Gloucester House achieved occupancy of over 97%. With guidance from head office and other homes, both are operating to the same standards as our other long standing homes.

GREENSLEEVES HOMES TRUST
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- To continue to research potential development sites or new homes - this process continues in earnest and, as a result, in November 2015, we acquired Viera Gray House, a leasehold home in Barnes, London which provides residential and dementia care for up to 38 residents. Along with the other two new homes, we are working towards it being fully embedded into the Trust. In addition, negotiations on three other new build opportunities are progressing well and the Trustees have agreed to pursue the purchase of an existing operating home. These are expected to be complete in the next one to three years and, if all are successful, will enable us to provide care for almost a further 250 residents.

Other achievements during the year -

- Greensleeves Homes Trust has provided high quality residential, dementia and nursing care for in excess of 700 increasingly frail older people at competitive weekly fees in homely environments that are staffed by caring, well trained staff.
- We achieved occupancy in our homes (calculated based on anticipated resident build up at new homes) of 93.4% (2015: 92.3%) which compares favourably with the sector average which was under 90% in 2015 / 2016. This will ensure continued income to fund our future development plans and expansion and was achieved through careful occupancy monitoring, marketing vacancies but mainly the good reputation of our homes.
- We held our annual Greensleeves Care Awards event at The Oval cricket ground in London at which we recognised the achievements of our homes, employees and volunteers. This year's event was attended by almost 150 people with the majority being staff from our homes.
- We developed the Trust's first ever long-term Financial Strategy and Plan which will help drive our growth and expansion plans.
- We developed a long-term Marketing Strategy and Plan and worked extensively on a rebranding exercise which saw consultation with Trustees, staff, residents and their families. The process was completed late in the year and implementation is now well progressed.

Strategic Report - Key Performance Indicators

We monitor performance against a variety of Key Performance Indicators including the principle ones summarised in the table below.

	Outcome 2016	Outcome 2015
Number of homes with Eden Alternative validation	13	10
Percentage of residents funded by the local authority funded	24.2%	24.9%
Staff turnover	14.8%	16.5%
Occupancy	93.4%	92.3%
Average fee per week	£735	£684

- Percentage of residents funded by the local authority - in line with public benefit, we set a target of having 25% of the total number of residents funded by local authorities. At the year end, we were slightly below this target and the percentage was lower compared to 2015. It does tend to fluctuate on a month by month basis in line with resident admissions and departures.
- Staff turnover - we have been more successful in retaining staff this year compared to 2015 and our staff turnover is lower than the average of 21.7% published by the National Care Forum.
- Average fee per week - the fee reflects the cost of running each individual home and will vary based on location, type of care being offered and the funding status of the residents. The average fee has increased in this year mainly as a result of new homes.

Information on Eden Alternative validation and occupancy is noted elsewhere in the report.

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Strategic Report - Financial Review

Review of Transactions and Financial Position

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

	<u>Existing Homes 2016</u> £	<u>Head Office 2016</u> £	<u>Continuing Operations 2016</u> £	<u>New Homes 2016</u> £	<u>Total 2016</u> £	<u>Total 2015</u> £
INCOME						
Residents' care fees	20,637,231	-	20,637,231	2,750,346	23,387,577	19,687,714
Residents' sundries	212,318	-	212,318	16,919	229,237	190,372
Other income	76,006	251,951	327,957	41,086	369,043	258,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	20,925,555	251,951	21,177,506	2,808,351	23,985,857	20,136,491
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE						
Residents' care costs	18,833,723	-	18,833,723	3,353,494	22,187,217	18,287,624
Head Office costs	-	1,251,169	1,251,169	-	1,251,169	954,674
Other costs	-	19,221	19,221	-	19,221	18,711
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	18,833,723	1,270,390	20,104,113	3,353,494	23,457,607	19,261,009
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net investments (losses) / gains	-	(107,180)	(107,180)	-	(107,180)	74,347
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOME	2,091,832	(1,125,619)	966,213	(545,143)	421,070	949,829
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Continuing operations

Income

- Residents' care fees, relating to our core activity of providing residential, dementia and nursing care, have increased by £950,000 as a result of the annual fee increase, improved occupancy and the increasing care needs of our residents.
- Residents' sundries relate to the recharge of incidental expenses incurred on behalf of residents.
- Other income includes £74,000 (2015: £76,000) generated by our investment portfolio and cash reserves plus rent from various accommodations, donations and fundraising plus profit from the sale of two motor vehicles.

Expenditure

- Resident care costs, relating to the running costs of our homes including depreciation, loan interest and an allocation of head office staff costs, have increased by £546,000 as a result of inflation and increased agency staff usage.
- Head office costs comprise expenditure from day to day head office operations plus professional fees in respect of expansion plans; HR, energy and health & safety consultancy; and Trust-wide computer services.
- Other costs relate to investment manager fees and costs relating to various accommodations owned by the Trust.

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Review of Transactions and Financial Position - continued

Investment gains and losses

- In the year, our investment portfolio produced realised gains of £74,000 (2015: Zero as no sales) and unrealised losses of £181,000 (2015: £74,000) leading to net losses of £107,000 (2015: £74,000).

New homes

During the year, we acquired two new homes as detailed in Note 17 on page 30 of the financial statements. In addition, we also opened a new build leasehold home which generated income of £396,000 and expenditure of £1.1million. Due to initial start-up costs, gradually increasing residents and the rental charge, this home produced a deficit of £727,000. Overall, the three new homes generated a deficit of £545,143.

Overall results

Overall, net income of £421,070 (2015: £949,829) was produced which has increased reserves to a total of £32.4million (2015: £32.0million).

Balance Sheet

The consolidated balance sheet shows that at 31 March 2016 the total funds of the group were £32.4million (2015: £32.0million). This was represented by fixed assets of £42.6million (2015: £37.7million), net current assets of £1.1million including investments of £1.4million (2015: net current assets of £3.7million including investments of £2.0million) and long term liabilities of £11.3million (2015: £9.4million). Unrestricted funds of £32.2million (2015: £31.9million) represent the reserves available to the Trust to fulfil its current operations and existing financial commitments over the long term and also to finance the growth in activity envisaged in future plans.

Consolidated accounts have been prepared which include the accounts of the Charity and Greensleeves Developments Limited. Greensleeves Developments Limited has an issued share capital of £4. As it generated no income during the year, it is considered a dormant company. A breakdown of Greensleeves Development Limited's Statement of Financial Activities and Balance Sheet is given in note 5 to these accounts.

Reserves

The Charity Commission defines free reserves as "income which becomes available to the Charity and is to be expended at the Trustees' discretion in furtherance of the Charity's objectives, but which is not yet spent, committed or expended".

The Board of Trustees regularly reviews the Trust's reserve levels in the light of its planned activities. They currently believe it necessary to hold reserves so that the future standards of service and accommodation offered to residents can be maintained and, hopefully, improved.

With this in mind, the Trust should have sufficient reserves available to fund revenue costs in the event of any unexpected problems. As the Trust's operational sites are widespread, it is expected that such problems would be isolated to a particular site and would not affect the Trust as a whole. Therefore the reserves provision for revenue costs has been set at 10% of the Trust's ordinary costs for a period of three months. In addition to this requirement, and with reference to our active development programme, there should be further reserves available that are equivalent to actual capital commitments less any associated finance arrangements that are already in place.

At the balance sheet date, the Trust's free unrestricted current assets were £1,009,000 which represents an excess of £326,000 over the £683,000 needed to fulfil the above requirement. The intention is for the excess to contribute towards the redevelopment of our current homes and also to enable further expansion of the Trust.

On transition to FRS 102, the decision was taken to adopt a 'deemed cost' value at the date of transition for the freehold homes using their value as at 1 April 2014 thus creating a revaluation reserve equivalent to the increased value only of those homes that had risen in value. The balance of this reserve at 31 March 2016 was £10.6million.

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Reserves - continued

The Trustees have previously chosen to designate some of the unrestricted funds to create a fixed assets reserve which consists of the net book value of the residential homes, other properties and equipment which are held for the long term benefit of the Trust less the year end long term balances outstanding on loans that were taken out to finance home purchases and developments and less the value of the revaluation reserve. The balance of this reserve as at 31 March 2016 was £21.7million (2015 £18.4million).

The Trust's Senior Management Team actively monitor reserves on behalf of the Board of Trustees and they are responsible for providing quarterly updates on the current situation and highlighting any potential problems that are envisaged.

Greensleeves Homes Trust currently has total reserves of £32.4million of which £141,000 are restricted (2015 £32.0million and £83,000 respectively). These restricted funds are made up by amenity funds raised specifically for our homes' residents' benefit.

Investments

The Trustees of Greensleeves Homes Trust wish to ensure the sound and competent management of the Trust's financial assets in order to maximise the monies available to fulfil the charity's core purpose of meeting the needs of current and of future older people. In the light of this, investment of funds is weighted towards capital growth rather than immediate income with the aim of maintaining capital in the long term and making a sustainable and reliable return in line with RPI plus 4% (net of costs).

The Trustees have decided to place investments in a Common Investment Fund (CIF) established and approved by the Charity Commission and regulated by the Financial Services Authority. Day to day investment decisions are delegated to the Investment Manager, who follows the requirements set out below:

- Equity like returns at less than three quarters volatility of the equity markets;
- The Trust does not apply any restrictions on where investments are placed, other than that the CIF cannot be leveraged;
- Liquidity: all funds should be capable of being available in one week.

The Investment Manager produces a report at quarterly intervals, measuring performance over the last five years, using the above benchmark.

The Trustees review this policy and the appropriateness of the CIF and meet the Investment Manager at least every 12 months. The policy is also reviewed at any stage if there are any significant changes to the Trust's situation.

The Trust's investments are overseen by Schroders & Co. Ltd with the majority of monies now being held in their Charity Multi-Asset Fund. During the year, income of £69,000 was generated with this being used to purchase additional units, £500,000 was drawn down from the portfolio to fund the acquisition of Viera Gray House and in doing so realised gains of £74,000 were generated. At the year end, we recorded unrealised losses of £181,000 which is a result of the investments decreasing in value since they were purchased. Taking net gains and cash withdrawals into consideration, the portfolio's market value as at 31 March 2016 stood at £1.44million (2015: £1.98million plus cash balances of £823).

Strategic Report - Plans for the Future

Our main aim is to not only to continue to build on the high quality of care we are known for but continually improve in standards through the ongoing training and recruitment of staff and the maintenance and updating of environment and equipment at the homes

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REPORT OF THE BOARD OF TRUSTEES
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Key Plans

In the coming year, our key plans are:

- To review the Trust's long-term strategy and plans.
- To continue to invest in the training and development of our staff to ensure that they are able to provide appropriate care for both current and future older generations.
- To continue to improve the standards of care and the overall service by developing the Eden Alternative philosophy and by ensuring we receive validation in at least a further three homes with the ultimate aim of all being validated.
- To integrate and support our three new homes further namely De Lucy House in Norfolk, Gloucester House in Kent and Viera Gray House in London.
- To prepare for and mobilise three new build properties in the South East.
- To complete the re-branding exercise started in this year.
- To continue to research potential development sites or new homes to expand the Trust's current portfolio of homes and the types of care it provides without jeopardising the financial strength of the Trust. This is in line with our medium to long term aim for the Trust to be supporting 1,000 older people.
- To increase the Trust's influence and visibility in the care sector by positively promoting our homes both locally and nationally.

Capital Programme

Greensleeves Homes Trust's major asset is the property it owns and as such its maintenance, enhancement and expansion remains at the forefront of the Trust's plans. Our portfolio currently includes 20 residential and nursing care homes ranging from purpose built properties to listed buildings. In each, we strive to offer our residents the best environment possible, and to do this requires continuing capital investment.

Expansion plans are being developed at a number of our homes and these are currently at the design stages. The works will further increase our beneficiary numbers, enhance the quality of home environments and ensure yet more of our homes are fit for the future.


Strategic Report - Risks and Uncertainties

Our Risk Register is reviewed on a quarterly basis by Trustees and by the Senior Management team. Mitigating actions are taken to minimise the likelihood and impact of all risks. The following are the key risks and uncertainties currently facing the Trust:

- Poor operational / care performance results in either Care Quality Commission enforcement action or the Trust fails to open new services effectively, leading to damage to the Trust's reputation and finances.
- Failure to meet the current regulatory requirements of the Care Quality Commission and the Charity Commission or to identify and comply with any changes in legislation.
- High staff turnover and our ability to recruit staff with sufficient knowledge, skills, expertise or experience to provide good care which could lead to higher use of agency staff and inconsistent care standards.
- Availability of bank financing at suitable rates that could prevent the Trust achieving its current target of supporting 1,000 people.

The Report of the Board of Trustees and the Strategic Report are formally approved by the Trustees. They also approve the Strategic Report in their capacity as company directors.

By Order of the Trustees


Christopher Shaw - Trustee of Greensleeves Homes Trust
26 July 2016

GREENSLEEVES HOMES TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2016

The Trustees (who are also Directors of Greensleeves Homes Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Trust and the group and of the incoming resources and application of resources including the income and expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSLEEVES HOMES TRUST

We have audited the financial statements of Greensleeves Homes Trust for the year ended 31 March 2016 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

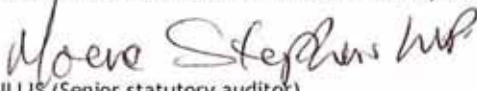
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


RICHARD WILLIS (Senior statutory auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London, UK

25 August 2016

MOORE STEPHENS LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

GREENSLEEVES HOMES TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2016

	<u>Notes</u>	<u>Unrestricted Funds 2016 £</u>	<u>Restricted Funds 2016 £</u>	<u>Total 2016 £</u>	<u>Unrestricted Funds 2015 £</u>	<u>Restricted Funds 2015 £</u>	<u>Total 2015 £</u>
INCOME FROM							
Donations and fundraising		12,808	140,972	153,780	6,869	65,023	71,892
Investments	2	73,805	-	73,805	75,867	-	75,867
Rental income		84,947	-	84,947	91,950	-	91,950
Charitable activities							
Residents' care fees		23,387,577	-	23,387,577	19,687,714	-	19,687,714
Residents' sundries		229,237	-	229,237	190,372	-	190,372
Other							
Miscellaneous income		41,562	-	41,562	18,696	-	18,696
Surplus from sale of fixed assets		14,949	-	14,949	-	-	-
TOTAL		23,844,885	140,972	23,985,857	20,071,468	65,023	20,136,491
EXPENDITURE ON							
Raising funds							
Investment manager fees		4,308	-	4,308	1,094	-	1,094
Rental costs		14,913	-	14,913	17,617	-	17,617
Charitable activities							
Residents' care costs		22,150,590	36,627	22,187,217	18,245,417	42,207	18,287,624
Head Office costs		1,251,169	-	1,251,169	954,674	-	954,674
TOTAL	3	23,420,980	36,627	23,457,607	19,218,802	42,207	19,261,009
INVESTMENTS							
Realised gains		73,919	-	73,919	-	-	-
Unrealised (losses) / gains		(181,099)	-	(181,099)	74,347	-	74,347
NET INCOME		316,725	104,345	421,070	927,013	22,816	949,829
Funds brought forward 1 April 2015	12	31,904,911	83,229	31,988,140	30,977,898	60,413	31,038,311
Transfer between funds	12	46,671	(46,671)	-	-	-	-
Funds carried forward 31 March 2016	12	32,268,307	140,903	32,409,210	31,904,911	83,229	31,988,140


All of the above results are derived from continuing activities.

The notes on pages 16 to 30 form part of these financial statements.

GREENSLEEVES HOMES TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2016

	<u>Notes</u>	<u>Group</u> <u>2016</u> <u>£</u>	<u>2015</u> <u>£</u>	<u>Charity</u> <u>2016</u> <u>£</u>	<u>2015</u> <u>£</u>
FIXED ASSETS					
Tangible fixed assets	7	42,579,250	37,670,337	42,579,250	37,670,337
Investment in Subsidiary		-	-	4	4
		<u>42,579,250</u>	<u>37,670,337</u>	<u>42,579,254</u>	<u>37,670,341</u>
CURRENT ASSETS					
Investments	8	1,436,263	1,977,447	1,436,263	1,977,447
Debtors	9	1,194,769	828,983	1,194,765	828,979
Bank and cash balances		791,217	2,587,959	791,165	2,587,907
		<u>3,422,249</u>	<u>5,394,389</u>	<u>3,422,193</u>	<u>5,394,333</u>
CURRENT LIABILITIES					
Amounts falling due within one year	10	(2,272,826)	(1,686,400)	(2,272,830)	(1,686,404)
NET CURRENT ASSETS		<u>1,149,423</u>	<u>3,707,989</u>	<u>1,149,363</u>	<u>3,707,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,728,673</u>	<u>41,378,326</u>	<u>43,728,617</u>	<u>41,376,270</u>
CREDITORS					
Amounts falling due after more than one year	10	(11,319,463)	(9,390,186)	(11,319,463)	(9,390,186)
NET ASSETS		<u>32,409,210</u>	<u>31,988,140</u>	<u>32,409,154</u>	<u>31,988,084</u>
UNRESTRICTED FUNDS					
General funds		2,394	2,822,302	2,338	2,822,246
Revaluation reserve		10,573,753	10,681,384	10,573,753	10,681,384
Fixed assets reserve		21,692,160	18,401,225	21,692,160	18,401,225
	12	<u>32,268,307</u>	<u>31,904,911</u>	<u>32,268,251</u>	<u>31,904,855</u>
RESTRICTED FUNDS	12	<u>140,903</u>	<u>83,229</u>	<u>140,903</u>	<u>83,229</u>
TOTAL FUNDS	13	<u>32,409,210</u>	<u>31,988,140</u>	<u>32,409,154</u>	<u>31,988,084</u>

Approved by the Board of Trustees and authorised for issue on 26 July 2016 and signed on their behalf by:


 Christopher Shaw - Trustee of Greensleeves Homes Trust

The notes on pages 16 to 30 form part of these financial statements.

Company Registered Number 03260168

GREENSLEEVES HOMES TRUST
CONSOLIDATED CASH FLOW STATEMENT
31 MARCH 2016

	<u>2016</u> £	£	<u>2015</u> £	£
Cash flows from operating activities		2,483,660		2,494,183
Cash flows from investing activities				
Dividends received	69,481		69,669	
Interest received	4,324		6,198	
Loan and overdraft interest and charges payable	(497,576)		(501,025)	
	<u> </u>	(423,771)	<u> </u>	(425,158)
Purchases of new homes	(6,222,668)		(1,333,172)	
Sale of tangible fixed assets	16,500		-	
Purchases of investments	(69,438)		(69,056)	
Sales of investments	503,442		-	
	<u> </u>	(5,772,164)	<u> </u>	(1,402,228)
Net cash used in investing activities		(6,195,935)		(1,827,386)
Cash flows from financing activities				
New loan facilities	2,500,000		-	
Capital repayments	(584,467)		(437,688)	
	<u> </u>		<u> </u>	
Net cash provided by / (used in) financing activities		1,915,533		(437,688)
Change in cash and cash equivalents in the reporting period		(1,796,742)		229,109
Cash and cash equivalents at beginning of reporting period		2,587,959		2,358,850
Cash and cash equivalents at end of reporting period		<u>791,217</u>		<u>2,587,959</u>
Reconciliation of net income to net cash flow from operating activities				
Net income for the reporting period		421,070		949,829
(Increase) in debtors		(365,786)		(60,620)
Increase in creditors		600,170		207,309
Depreciation		1,312,204		1,046,850
Returns on investments and servicing of finance		423,771		425,158
Net losses / (gains) on investments		107,180		(74,347)
Gains on fixed asset disposals		(14,949)		-
Write off of tangible fixed assets		-		4
		<u> </u>		<u> </u>
Net cash provided by operating activities		2,483,660		2,494,183
Analysis of cash and cash equivalents				
		Cash at 31 March <u>2016</u>		Cash at 31 March <u>2015</u>
Cash at bank		<u>791,217</u>		<u>2,587,959</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. They are in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

There are no significant areas of judgement or key assumptions that affect items in the financial statements other than those included within the accounting policies described below.

(c) Basis of consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Greensleeves Developments Limited on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the Charity itself following the exemptions afforded by section 408 of the Companies Act 2006.

	<u>2016</u> £	<u>2015</u> £
Charity's income	23,985,857	20,136,491
Charity's expenditure	(23,457,607)	(19,261,009)
Net (losses) / gains on investments	(107,180)	74,347
	<hr/>	<hr/>
Charity's net income	421,070	949,829
	<hr/>	<hr/>

(d) Income recognition

Residents' care fees and donations are recognised when the Charity has entitlement to the amounts due and their receipt is probable.

Income from investments or bank interest is included when receivable and the amount can be measured reliably by the Charity; this is normally on notification by our investment advisor or by the bank.

Investment income, including bank interest, is stated gross as it is paid without deduction of tax.

(e) Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment where it can be reliably measured and it is probable settlement will be required.

Expenditure on raising funds comprise the fees paid to the manager of our investment portfolio plus costs in respect of rental properties.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

(f) Fixed assets

Fixed assets are stated at cost (or deemed cost) less accumulated depreciation. Cost includes the original purchase price and any associated costs directly attributable to bringing the asset to its working condition for its intended use.

The cost or deemed cost of each home's building value is split into two elements:

- 'Core' which includes foundations, walls, stairs, roof structure, site works, drainage and external services and has a longer life.
- 'Renewables' which includes windows, roof coverings, bathrooms, kitchens, lifts and mechanical and electrical services and have a shorter life.

Each home has been assessed for its remaining useful life and is depreciated accordingly.

Land is not depreciated. Depreciation and amortisation of other fixed assets is provided on a straight line basis to write off the cost over the estimated useful lives of the assets:

Freehold property - Core	-	over the lower of 50 years or the estimated remaining useful life of the home
Freehold property - Renewables	-	over the lower of 20 years or the estimated remaining useful life of the home
Long-term leasehold property	-	over the period of the specific lease
Computer equipment	-	over three years
Furniture and equipment	-	over five years
Motor vehicles	-	over four years

As a result of changes to how depreciation on freehold properties is calculated, the overall depreciation charge has decreased by £313,000 (2015: decreased by £296,000).

Fixed assets include amounts in respect of significant development contracts' valuation certificates received immediately after the year end on the assumption that the work thereon would have occurred prior to the year end.

Where a development at one of our homes is being funded by way of bank finance, any loan interest and associated charges that are attributable to the period during which the works are being undertaken are capitalised as part of the project's cost.

Provisions for impairment are made if there is a permanent diminution in the value based on the future service potential of the Trust's assets.

Depreciation is charged when an asset is available for use.

(g) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

(h) Debtors and prepayments

Trade and other debtors are recognised at the amount due on the day that they arise. Prepayments are amounts paid in advance and are stated at the actual amount that has been prepaid

(i) Bank and cash balances

Bank and cash balances consist of monies held in current accounts and cash monies held at the Charity's homes and head office. They include monies in respect of both restricted and unrestricted funds.

(j) Creditors and accruals

Creditors and accruals are recognised when the Charity has an obligation to make a payment to a third party. Capital repayments due on long-term loans are stated at today's value and are split into instalments due within the next twelve months or due after more than twelve months. Residents' deposits are amounts collected from residents on admission and are repayable on departure. They are classified as long term liabilities.

(k) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the term of the lease.

(l) Funds

General funds are unrestricted funds held for the general objects of the Trust's work. Restricted funds are funds used for specific purposes as laid down by the donor. Expenditure which meets this criterion is identified to the specific fund. Designated funds are unrestricted funds set aside by the Trustees for a particular purpose.

(m) Pension

The Trust operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered Scheme. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(n) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(o) Going concern

Accounting standards required the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Charity has adequate resources to continue in operational existence for the foreseeable future. There are sufficient cash reserves and whilst there is some loan financing, these are secured against some of the freehold homes owned and future cash flows will meet repayments and interest as they fall due.

(p) Acquisitions

On acquisition of an operating home, fair values are attributed to identifiable assets and liabilities as appropriate.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

2 INVESTMENT INCOME

	<u>2016</u> £	<u>2015</u> £
Dividends	69,481	69,669
Bank interest	4,324	6,198
	<u>73,805</u>	<u>75,867</u>

3 EXPENDITURE

a) Analysis of expenditure

	Staff costs (note 4) £	Other care costs (note 3b) £	Other Support costs (note 3c) £	Governance costs £	Total 2016 £	Total 2015 £
Unrestricted funds						
Raising funds						
Investment manager fees	-	-	4,308	-	4,308	1,094
Rental costs	-	-	14,913	-	14,913	17,617
Charitable activities						
Residents' care costs	15,561,223	6,589,367	-	-	22,150,590	18,245,417
Head Office costs	365,999	-	852,256	32,914	1,251,169	954,674
	<u>15,927,222</u>	<u>6,589,367</u>	<u>871,477</u>	<u>32,914</u>	<u>23,420,980</u>	<u>19,218,802</u>
Restricted funds						
Charitable activities						
Residents' care costs	-	36,627	-	-	36,627	42,207
	<u>-</u>	<u>36,627</u>	<u>-</u>	<u>-</u>	<u>36,627</u>	<u>42,207</u>
Total expenditure	<u>15,927,222</u>	<u>6,625,994</u>	<u>871,477</u>	<u>32,914</u>	<u>23,457,607</u>	<u>19,261,009</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

3 EXPENDITURE (continued)

b) Analysis of other care costs

	<u>2016</u> £	<u>2015</u> £
Charitable activities		
Food	1,203,476	1,041,915
Medical costs	74,600	54,008
Activities	361,856	319,760
Care Quality Commission fees	84,980	80,079
Maintenance	1,218,933	1,232,438
Cleaning and housekeeping	522,723	445,455
Insurance	103,634	83,312
Utilities costs	696,586	614,117
Administration costs	306,795	229,022
Loan interest and charges	497,576	501,025
Leasehold rents	273,238	-
Depreciation	1,281,597	1,016,592
Write off of tangible fixed assets	-	4
	<hr/> 6,625,994	<hr/> 5,617,727

c) Analysis of head office support costs

	<u>2016</u> £	<u>2015</u> £
Professional fees in respect of development plans	179,435	112,845
HR, health & safety, energy consultancy plus other professional fees	196,975	101,453
Trust-wide computer services	225,631	157,452
Head office running costs	219,608	187,978
Depreciation	30,607	30,258
	<hr/> 852,256	<hr/> 589,986

d) Analysis of governance costs

	<u>2016</u> £	<u>2015</u> £
Legal and professional fees	4,627	24,168
Audit fees	25,500	24,900
Trustees' expenses	2,787	3,499
Trustee training and development	-	11,104
	<hr/> 32,914	<hr/> 63,671

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

4 WAGES AND SALARIES

	<u>2016</u> £	<u>2015</u> £
Summary of wages and salaries allocation in respect of:		
Residents' care costs	15,561,223	12,669,897
Head Office costs	365,999	301,017
	<hr/> 15,927,222	<hr/> 12,970,914
Analysis of wages and salaries:		
Salaries	12,688,184	10,460,041
National insurance costs	685,467	583,141
Pension costs	191,772	156,358
Agency staff	1,636,768	1,112,002
Training	339,625	269,857
Recruitment	142,619	129,366
Other staff costs	242,787	260,149
	<hr/> 15,927,222	<hr/> 12,970,914

Central staff costs are allocated to residents' care costs or head office costs based on the activities being undertaken.

The average number of persons employed during the year was:-

	<u>2016</u> FTE	<u>2016</u> Number	<u>2015</u> FTE	<u>2015</u> Number
Residents' care	618	921	506	777
Head Office	5	5	4	4
	<hr/> 623	<hr/> 926	<hr/> 510	<hr/> 780

The number of employees whose emoluments including employer's pensions contributions amount to over £60,000 in the year was as follows:-

	<u>2016</u> Number	<u>2015</u> Number
£60,001 to £70,000	1	-
£70,001 to £80,000	2	1
£100,001 to £110,000	1	1
	<hr/> 4	<hr/> 2

Pension contributions paid on behalf of the four above employees for the year amounted to £16,738 (2015: £8,361 for two employees).

Key management personnel consist of the Chief Executive, Deputy Chief Executive and Chief Financial Officer whose total employment benefits for the year including employer pension contributions were £268,628 (2015: £227,488 although the Chief Financial Officer was only employed for part of the year - extrapolated amount £257,822).

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

5 SUBSIDIARY RESULTS

Greensleeves Developments Ltd (company number 02898839) has an issued share capital of £4 which is held by Greensleeves Homes Trust. The company is currently dormant and is being kept in existence for possible future use.

A summary of the company's trading results and balance sheet is shown below:

	<u>2016</u> £	<u>2015</u> £
Profit and loss account		
Turnover	-	-
	<hr/>	<hr/>
Operating profit	-	-
Bank interest receivable	-	1
	<hr/>	<hr/>
Retained profit for the year	-	1
	<hr/>	<hr/>
	<u>2016</u> £	<u>2015</u> £
Balance sheet		
Debtors	4	4
Cash at bank	52	52
	<hr/>	<hr/>
	56	56
	<hr/>	<hr/>
Net assets	56	56
	<hr/>	<hr/>

6 TRUSTEE AND RELATED PARTY TRANSACTIONS

The Trustees received no remuneration for their services during the current or prior year. Travel expenses of £2,787 were reimbursed to 11 Trustees during the year (2015: £3,499 for 14 Trustees).

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

7 TANGIBLE FIXED ASSETS - Group and Charity

	<u>Freehold property</u> £	<u>Long term leasehold property</u> £	<u>Computer equipment</u> £	<u>Furniture and equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost						
At 1 April 2015	37,823,309	84,243	199,874	3,170,813	84,862	41,363,101
Additions during the year	4,704,799	551,009	152,658	755,531	58,671	6,222,668
Sales during the year	-	-	-	-	(35,177)	(35,177)
At 31 March 2016	42,528,108	635,252	352,532	3,926,344	108,356	47,550,592
Depreciation						
At 1 April 2015	749,334	23,213	126,358	2,718,169	75,690	3,692,764
Charge for the year	838,731	16,891	89,164	349,627	17,791	1,312,204
Sales during the year	-	-	-	-	(33,626)	(33,626)
At 31 March 2016	1,588,065	40,104	215,522	3,067,796	59,855	4,971,342
Net book value at 31 March 2016	40,940,043	595,148	137,010	858,548	48,501	42,579,250
Net book value at 31 March 2015	37,073,975	61,030	73,516	452,644	9,172	37,670,337

Further capital expenditure contracted for at 31 March 2016 but not provided for in these accounts amounted to £37,000 (2014: £241,000).

Freehold property with a carrying value of £20.6million (2015: £16.8million) is pledged as security for the loans disclosed in note 10.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

8 CURRENT ASSET INVESTMENTS - Group and Charity

	<u>2016</u> £	<u>2016</u> £
Market value at 1 April 2015	1,977,447	1,834,044
Add: additions to investments at cost	69,438	69,056
Book value of disposals in year		
Proceeds from sales	(503,442)	-
Realised gain	73,919	-
	(429,523)	-
Net unrealised (loss) / gain in the year	(181,099)	74,347
Market value at 31 March 2016	1,436,263	1,977,447
Cost at 31 March 2016	1,287,299	1,647,384
	<u>2016</u> £	<u>2015</u> £
Investments are represented by:		
Schroder Charity Multi-Asset Fund	1,434,843	1,976,270
Corporate bonds	1,420	1,177
	1,436,263	1,977,447

All investments are held in the United Kingdom but the Schroder Charity Multi-Asset Fund does have some exposure to overseas investments.

Realised gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between fair value at the year end and their carrying value

9 DEBTORS - Group and Charity

	<u>Group</u> <u>2016</u> £	<u>2015</u> £	<u>Charity</u> <u>2016</u> £	<u>2015</u> £
Amounts due within one year:				
Residential care home debtors	656,475	477,922	656,475	477,922
Other debtors	145,929	55,152	145,925	55,148
Prepayments and accrued income	392,365	295,909	392,365	295,909
	1,194,769	828,983	1,194,765	828,979

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

10 CREDITORS - Group and Charity

	<u>2016</u> £	<u>Group</u> <u>2015</u> £	<u>2016</u> £	<u>Charity</u> <u>2015</u> £
Amounts due within one year:				
Bank loans	646,246	456,321	646,246	456,321
Other creditors and accruals	1,348,810	1,027,185	1,348,814	1,027,189
Payments in advance	277,770	202,894	277,770	202,894
	<u>2,272,826</u>	<u>1,686,400</u>	<u>2,272,830</u>	<u>1,686,404</u>
Amounts due after more than one year:				
Bank loans	10,313,337	8,587,729	10,313,337	8,587,729
Residents' deposits	1,006,126	802,457	1,006,126	802,457
	<u>11,319,463</u>	<u>9,390,186</u>	<u>11,319,463</u>	<u>9,390,186</u>

The bank loans listed above consist of the four loans detailed below. The capital and interest repayments for all are paid on a quarterly basis. All are secured against a selection of the Trust's freehold homes:

	<u>2016</u> <u>Amount</u> <u>outstanding</u> £
Loan one was used to purchase Borovere and commenced in April 2005. It comprises two tranches:	
Tranche 1 was for 50% of the original loan amount repayable over 20 years at a variable rate of 1.250% over the Bank of England Base Rate	450,000
Tranche 2 was for 50% of the original loan amount repayable over 20 years at a fixed rate of 6.450%	618,983
Loan two was used to purchase Speirs House and commenced in March 2010. It comprises three tranches:	
Tranche 1 was for 50% of the original loan. It is a 10 year facility amortised over 20 years and charged at a 10 year fixed interest rate of 6.475%	1,293,107
Tranche 2 was for 25% of the original loan amount repayable over 20 years at a fixed rate of 6.715%	720,800
Tranche 3 was for 25% of the original loan amount repayable over 20 years at a variable rate of 2.490% over LIBOR	612,500
Loan three was used to fund works at St Cross Grange and was drawn over a two year period during the development. It comprises two tranches:	
Tranche 1 was for 75% of the original loan amount. It is a 10 year facility amortised over 20 years and charged at a fixed rate of 6.250%	3,605,663
Tranche 2 was for 25% of the original loan amount. It is a 10 year facility amortised over 20 years and charged at a variable rate of 2.000% over LIBOR	1,283,530
Loan four was used to part fund the purchase of Gloucester House and commenced in June 2015. It comprises one tranche:	
Tranche 1 was for 100% of the original loan amount. It is a 5 year facility amortised over 15 years at a variable rate of 1.750% over the Bank's Base Rate	2,375,000
	<u>10,959,583</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

10 CREDITORS - Group and charity (continued)

Financial instruments measured at amortised cost comprise the loan financing provided by banks to the Charity.

At the year end the total amount of loans outstanding (repayable by instalments) was repayable as follows:

	<u>2016</u> £	<u>2015</u> £
Due within one year	646,246	456,321
Due between two and five years	7,832,403	2,918,222
Due after more than five years	2,480,934	5,669,507
	<u>10,959,583</u>	<u>9,044,050</u>

As noted above, the loan financing is in the form of secured loans with both fixed and variable interest rates. The market risk facing the Charity is that variable interest rates could increase. Liquidity risk is managed by the Charity by monitoring the covenants of the loan on a regular basis throughout the year.

11 OPERATING LEASES

At the balance sheet date, the Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<u>2016</u> £
Due within one year	443,000
Due within two to five years	1,770,000
Due after five years	13,001,000
	<u>15,214,000</u>

The amounts payable increase annually over the course of the lease in line with the Retail Price Index.

12 FUNDS - Group

	At 1 April <u>2015</u> £	<u>Income</u> £	<u>Expenditure</u>	Investment gains / (losses) £	Transfer between Funds £	At 31 March <u>2016</u> £
Unrestricted						
General funds	2,822,302	23,844,885	(23,313,349)	(107,180)	(3,244,264)	2,394
Revaluation reserve	10,681,384	-	(107,631)	-	-	10,573,753
Designated funds						
Fixed assets reserve	18,401,225	-	-	-	3,290,935	21,692,160
Total unrestricted funds	<u>31,904,911</u>	<u>23,844,885</u>	<u>(23,420,980)</u>	<u>(107,180)</u>	<u>46,671</u>	<u>32,268,307</u>
Restricted						
Amenity funds	83,229	140,972	(36,627)	-	(46,671)	140,903
Total restricted funds	<u>83,229</u>	<u>140,972</u>	<u>(36,627)</u>	<u>-</u>	<u>(46,671)</u>	<u>140,903</u>
Total funds	<u>31,988,140</u>	<u>23,985,857</u>	<u>(23,457,607)</u>	<u>(107,180)</u>	<u>-</u>	<u>32,409,210</u>

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

12 FUNDS - Group (continued)

General funds are unrestricted funds held for the general objects of the Trust's work. Due to substantial investment in new homes in the year, general funds are significantly depleted at the year end. However, this is a short term situation and further funds will be generated in the coming year.

The fixed assets reserve consists of the net book value of the residential homes, other properties and of equipment which are held for the long term benefit of the Trust less the year end long term balances outstanding on loans taken out to finance home purchases and developments and less the revaluation reserve.

The revaluation reserve represents the remainder of the increase in freehold homes property values that arose on transition to FRS 102 and the adoption of a deemed cost valuation. The £107,631 written against it in the year relates to increased depreciation at some homes which arose as a result.

The amenity funds represent monies raised by each home to be spent on specific projects and activities in that home.

Transfer between funds of £46,671 represents the purchase of two motor vehicles for residents' use at two different homes. Both purchases were funded by amenity funds.

Transfer between funds of £3,290,935 represents a net movement in fixed asset values and loan balances during the year.

13 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	<u>Restricted funds</u> £	<u>Designated funds</u> £	<u>Revaluation reserve</u> £	<u>General funds</u> £	<u>Total</u> £
Tangible fixed assets	-	32,005,497	10,573,753	-	42,579,250
Investments	-	-	-	1,436,263	1,436,263
Current assets	140,903	-	-	1,845,083	1,985,986
Current liabilities	-	-	-	(2,272,826)	(2,272,826)
Long term liabilities	-	(10,313,337)	-	(1,006,126)	(11,319,463)
Total net assets	140,903	32,265,913	10,573,753	2,394	32,409,210

14 TAXATION

Greensleeves Homes Trust is a registered charity and it is therefore exempt from taxation on its charitable activities as it falls within the definition of Charitable Company as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.

15 CONNECTED ENTITIES

The following entity is connected to the Trust by virtue of common or related objects or by unity of administration:

WRVS Trust - A charitable Trust supporting the activities of Greensleeves Homes Trust and the Women's Royal Voluntary Service whose responsibility is to distribute legacies on receipt to the appropriate legatee.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

16 TRANSITION TO FRS 102

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The transition to FRS 102 has resulted in changes to the Charity's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the accounts describe the differences between the funds and income and expenditure under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of the balance sheet (i.e. at 1 April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

The tables below reconcile Net Income for the financial year ended 31 March 2015 and Funds as at 1 April 2014 (the date of transition to FRS 102) and 31 March 2015 between UK GAAP as previously reported and FRS 102.

Net income for the financial year

	Note	Year ended 31 March 2015
UK GAAP - As previously reported		579,566
Gains on investments	a	74,347
Change in depreciation	b	295,916
FRS 102 - As restated		949,829

Funds

	Note	As at 1 April 2014	As at 31 March 2015
UK GAAP - As previously reported		25,414,933	26,068,846
Change in depreciation	b	-	295,916
Revaluation of freehold homes			
Homes whose value increased	b	10,789,015	10,681,384
Depreciation re homes' increased values	b	-	107,631
Homes whose value was impaired	b	(5,165,637)	(5,165,637)
FRS 102 - As restated		31,038,311	31,988,140

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

16 TRANSITION TO FRS 102 - continued

Explanation of changes to previous reported net income and funds:

- a FRS 102 requires that an adjustment is made for gains / (losses) on investments which are now treated as a component of net income.
- b Before the introduction of FRS 102, freehold homes had been stated in the accounts at accumulated cost less accumulated depreciation. However, the decision was taken to adopt a 'deemed cost' value at the date of transition for the freehold homes so as to give a truer indication of their value. In order to do this, Knight Frank was commissioned to complete a valuation at 1 April 2014, our date of transition to FRS 102.

The Knight Frank valuation split the homes' values into land and buildings. Where values were higher than previously stated, the increase has been included in a revaluation reserve. Where values were lower, the decrease has been considered as an impairment in value and has been written back against retained earnings at the date of transition to FRS 102.

The deemed cost of each home's building value has been split into two elements:

- 'Core' which includes foundations, walls, stairs, roof structure, site works, drainage and external services and has a longer life.
- 'Renewables' which includes windows, roof coverings, bathrooms, kitchens, lifts and mechanical and electrical services and have a shorter life.

Each home has been assessed for its remaining useful life and will be depreciated accordingly.

Land had previously been depreciated as it had not be separately identifiable. As its value is now known, it will no longer be depreciated.

On adopting a 'deemed cost', the depreciation charge for some homes has increased as they had previously been included at low historical values. In such cases, the increase in depreciation charge will be offset against the revaluation reserve.

If a home is subsequently sold the attributable revaluation reserve remaining at the time of disposal will be transferred directly to retained earnings.

GREENSLEEVES HOMES TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

17 ACQUISITIONS

During the year, we acquired the following two existing operational homes:

- Gloucester House in Sevenoaks, Kent is a freehold home purchased in June 2015 for £3.56million comprising land at £1.88million, buildings at £1.63million and fixture & fittings at £55,000. The acquisition was part funded by a loan for £2.5million with the remainder paid for from cash reserves. The home is registered for up to 51 residents providing both residential and nursing care.
- Viera Gray House in Barnes, London is a leasehold home acquired in November 2015 for a lease premium of £0.5million comprising buildings of £0.45million and fixtures & fittings of £49,000. It was funded from cash reserves. The lease expires in August 2050 and a peppercorn rent is payable. The home is registered for up to 38 residents providing residential and dementia care.

Neither acquisition included any intangible assets.

The financial performance of the two homes included in the Statement of Financial Activities for the year ended 31 March 2016 is as follows:

	<u>Income</u> £	<u>Expenditure</u> £	<u>Net income</u> £
Gloucester House - For seven and a half months	1,889,893	1,715,921	173,972
Viera Gray House - For three and a half months	522,453	514,976	7,477
	<hr/>	<hr/>	<hr/>
	2,412,346	2,230,897	181,449
	<hr/>	<hr/>	<hr/>

G

APPENDIX G

FINANCIAL STATEMENTS OF THE ISSUER FOR THE PERIOD ENDED 31 AUGUST 2015

This section contains the financial statements of the Issuer for the period ended 31 August 2015



Retail Charity Bonds plc
Financial Statements
for the period ended 31 August 2015

Registered number: 8940313

Retail Charity Bonds plc

**Contents of the Financial Statements
for the period ended 31 August 2015**

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Retail Charity Bonds plc
Reference and Administrative Details
for the period ended 31 August 2015

DIRECTORS:	John Tattersall (Chairman) Gordon D'Silva Arvinda Gohil Tom Hackett (Chairman, Review Committee) Tim Jones Geetha Rabindrakumar Clare Thompson Philip Wright (Chairman, Audit Committee)
SECRETARY:	Cargil Management Services Limited 22 Melton Street London NW1 2BW
REGISTERED OFFICE:	27/28 Eastcastle Street London W1W 8DH
COMPANY NUMBER:	8940313
AUDITOR:	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP
PRINCIPAL BANKERS:	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR
SOLICITORS	Linklaters LLP One Silk Street London EC2Y 8HQ

**Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015**

Summary and highlights

Results

The Directors present their Annual Report and audited financial statements for the period from incorporation on 14 March 2014 to 31 August 2015.

The results of Retail Charity Bonds plc (the "Company") are set out on page 11. The articles of the Company do not permit the payment of a dividend.

Key performance indicators

The Company has no specific key performance indicators. It is monitored against the original performance model and it is thus expected to break even.

Chairman's statement

The Directors of Retail Charity Bonds plc are pleased to have approved the issue of two bonds in this first period, for Golden Lane Housing and for Hightown Housing Association. Each member of the Board gives his or her time pro bono in order to support this important initiative and provide charities with access to the retail bond market, and we are grateful to all of them for their contribution.

Performance this period has been in line with expectations and we look forward to working with further charities in the coming year.

Business model and strategy

The Company is a special purpose vehicle created by Allia Limited, a national charity and social finance specialist. The Company has been established for the purpose of issuing bonds and lending the proceeds to UK charities to enable them to deliver their charitable mission. It will not engage in any other business activity.

The board has established two board committees:

1. The Review Committee is responsible for reviewing all loans to be made by the Company, recommending them to the Board for approval, considering the risk disclosures that will be required in relation to the charity and for recommending to the Board for approval any bond issues and the particular disclosures to be made in the relevant prospectus.
2. The Audit Committee is responsible for the Company's relationship with its external auditors, including advising the board on selection and remuneration, and for reviewing the operation of its internal controls as carried out on its behalf by Allia Bond Services Limited ("Allia BSL").

On 29 July 2014 the Company issued £11,000,000 4.375% bonds due 2021 secured on a loan to Golden Lane Housing Limited ("GLH") (a wholly owned subsidiary of the Royal Mencap Society). The cost of issuing the bond was £129,000 leaving a net balance of £10,871,000, which was advanced to GLH through a security trust arrangement with Prudential Trustee Company Limited.

**Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015**

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 4.5753%. GLH is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

On 30 April 2015, the Company issued £27,000,000 4.40% bonds due 2025 secured on a loan to Hightown Housing Association Limited ("Hightown"). The cost of issuing the bond was £227,000 leaving a net balance of £26,773,000, which was advanced to Hightown through a security trust arrangement with Prudential Trustee Company Limited.

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 4.5061%. Hightown is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

The Company has appointed Allia BSL as Origination Manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk.

Interest rate risk

As at 31 August 2015 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company actively lends the full amount of the loans it itself borrowed, thus it has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

The Company is reliant on the interest paid on its loans to fund the interest owing to bondholders. The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. As each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets, the bondholders do not have recourse to any general assets of the Company and the risk of default by the borrowers is fully borne by the investors in the bonds.

Operational risks

Since the Company has no employees, it relies entirely on Allia BSL to provide management and administrative services. Any disruptions in the servicing arrangements could have an adverse effect on the Company. Having considered the complexity and volume of the transactions and the capability of Allia BSL, this risk is judged to be low.

**Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015**

Directors' insurance

The Company has purchased insurance against Directors' liability for the benefit of the Directors of the Company.

Future outlook

The Directors are satisfied with the results in the period and expect future performance to continue on the same basis.

The Company may issue further bonds in the next twelve months. '

Corporate governance statement

Internal control

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
23 November 2015

**Retail Charity Bonds plc
Directors' Report
for the period ended 31 August 2015**

Incorporation

The Company was incorporated in England and Wales on 14 March 2014. Its ultimate parent undertaking is RC Bond Holdings Limited.

Principal activities

The principal activity of the Company is to act as a special purpose vehicle for the purpose of issuing bonds and lending the proceeds to UK charities. It will not engage in any other business activity.

The Directors of the Company who have served during the period and to the date of the financial statements are:

John Tattersall (Chairman – appointed 14 March 2104)
Gordon D'Silva (appointed 21 March 2014)
Arvinda Gohil (appointed 14 March 2014)
Thomas Hackett (appointed 14 March 2014)
Timothy Jones (appointed 14 March 2014)
Geetha Rabindrakumar (appointed 29 May 2014)
Clare Thompson (appointed 14 March 2014)
Philip Wright (appointed 14 March 2014)

Independent auditor

RSM UK Audit LLP was appointed in the period and has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

Directors' remuneration

None of the Directors received any remuneration from the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the company will continue in operation.

In addition, the Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Retail Charity Bonds plc
Directors' Report
for the period ended 31 August 2015**

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

In accordance with Section 418, each Director in office at the date of the Directors' Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', followed by a long horizontal flourish.

John Tattersall
Chairman
23 November 2015

Independent Auditor's Report to the members of Retail Charity Bonds plc

We have audited the financial statements on pages 11 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of
Retail Charity Bonds plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

23 November 2015

Retail Charity Bonds plc
Profit and Loss Account
for the period ended 31 August 2015

	Notes	Period ended 31 August 2015 £'000
Turnover		32
Interest receivable and similar income	3	941
Interest payable and similar charges	5	(941)
Other income		59
Administrative expenditure		(89)
Profit before taxation		2
Tax	6	-
PROFIT FOR THE PERIOD	12	2

The period from incorporation on 14 March 2014 was the first period of trading for the company.

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

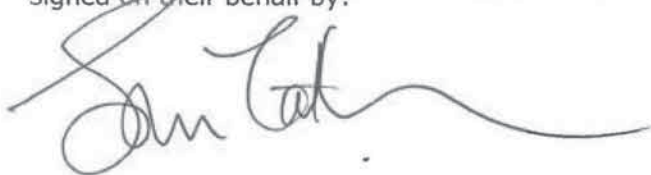
The notes on pages 14 to 20 form part of these financial statements.

(Registered number: 8940313)

Retail Charity Bonds plc
Balance sheet
as at 31 August 2015

	Notes	As at 31 August 2015 £'000
Current assets		
Debtors: amounts due after more than one year	7	37,667
Debtors: amounts due after less than one year	8	513
Cash at bank and in hand		2
		<hr/> 38,182
Creditors		
Amounts falling due within one year	9	(463)
		<hr/> 37,719
Net current assets		
Creditors		
Amounts falling due after one year	10	(37,667)
		<hr/> 52
Net assets		
Capital and reserves		
Share capital	11	50
Profit and loss account	12	2
Shareholder's funds	13	<hr/> 52

The financial statements were approved by the Directors on 23 November 2015 and were signed on their behalf by:



JOHN TATTERSALL - CHAIRMAN

The notes on pages 14 to 20 form part of these financial statements.

Retail Charity Bonds plc
Cash Flow Statement
for the period ended 31 August 2015

	Notes	Period ended 31 August 2015 £'000
Reconciliation of profit to net cash inflow		
Profit before tax		2
Receipt of bond proceeds		37,643
Loans advanced		(37,643)
Interest received		481
Interest paid		(481)
Increase in debtors		(27)
Increase in creditors		27
Net cash inflow from operations		<u>2</u>
CASHFLOW FOR THE PERIOD		
Increase in cash		2
Cash brought forward		-
Net cash resources at period end		<u>2</u>
Reconciliation of net cashflow to movement in net debt		
Increase in cash		2
Receipt of bond proceeds	(37,643)	
Bond interest paid	481	
		<u>(37,162)</u>
Change resulting from cashflow		(37,160)
Other movements		
Interest payable	(941)	
Accrued interest	436	
		<u>(505)</u>
Movement in net debt for the period		(37,665)
Opening net debt		-
Closing net debt	14	<u>(37,665)</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom (UK GAAP).

A summary of the more important accounting policies, which have been consistently applied, are set out below:

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of each bond are amortised over the life of the bond to which they relate.

Bond issuing costs

Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the profit and loss account over the expected life of the bond.

Going concern

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents revenue recognised by the Company in respect of services supplied during the period, exclusive of Value Added Tax.

Other income

Other income represents payments from Allia BSL under the Services Agreement with that company and is determined and credited on an accounting period basis.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

2. STAFF COSTS

The company employs no staff. All services are provided to the Company by Allia Bond Services Limited. None of the directors received remuneration for their services.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 August 2015 £'000
Interest receivable on loans	941

4. PROFIT AND LOSS ACCOUNT

The profit for the period is stated after charging:

	Period ended 31 August 2015 £'000
Fees payable to RSM UK Audit LLP and its associates:	
Audit remuneration	24
Review of the interim statements	21

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 August 2015 £'000
Interest payable to bond holders	941

6. TAX ON PROFIT OR ORDINARY ACTIVITIES

	Period ended 31 August 2015 £'000
Analysis of tax charge in the period	
Current tax on income for the period	-
Deferred tax	-
Tax on profit on ordinary activities	-

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

6. TAX ON PROFIT OR ORDINARY ACTIVITIES
(continued ...)

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 20%.

	Period ended 31 August 2015 £'000
Profit for the period before taxation	2
UK corporation tax at 20%	-
Current tax charge for the year	-

7. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 31 August 2015 £'000
Loan to Golden Lane Housing	10,888
Loan to Hightown Housing Association Limited	26,779
	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited are secured (see note 10 for further details).

8. DEBTORS

	At 31 August 2015 £'000
Other debtors	27
Amounts owing from related companies	50
Accrued interest on Golden Lane Housing loan	40
Accrued interest on Hightown Housing Association Limited loan	396
	<u>513</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 August 2015 £'000
Trade creditors	3
Interest on bond to fund Golden Lane Housing loan	40
Interest on bond to fund Hightown Housing Association Limited loan	396
Accruals	24
	<u>463</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 August 2015 £'000
Bond to fund Golden Lane Housing loan	10,888
Bond to fund Hightown Housing Association Limited loan	26,779
	<u>37,667</u>

On 29 July 2014 the Company issued an £11 million bond at a coupon of 4.375% with repayment due in full on 29 July 2021. The funds received after bond issue costs were £10,871,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 4.575%.

The costs of issuing the bond were £129,000 leaving a net balance of £10,871,000 which was lent to Golden Lane Housing Limited, an independent charity established in 1998 by the Royal Mencap Society.

On 30 April 2015 the Company issued an £27 million bond at a coupon of 4.40% with repayment due in full on 30 April 2025. The funds received after bond issue costs were £26,773,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 4.506%.

The costs of issuing the bond were £227,000 leaving a net balance of £26,773,000 which was lent to Hightown Housing Association Limited.

Bond issue costs are amortised over the terms of the bonds using the effective interest rate method. For each bond amount, the borrowers are liable to the Company for both the bond coupon and the bond issue costs, under an agreement between the companies.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(continued ...)

The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. This means that if the borrowers fail to make payments of interest or repayments of 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 against the borrowers.

Each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets. Therefore, the risk of default by the borrowers is fully borne by the investors in the bonds.

The borrowings are due as follows:

	At 31 August 2015 £'000
Due in more than five years	37,667
	<u>37,667</u>

11. SHARE CAPITAL

	At 31 August 2015 £'000
Authorised issued shares of £1 each	<u>50</u>
Allotted, called up, but not paid	<u>13</u>

On 14 March 2014 50,000 shares were issued at par.

12,500 of the issued £1 shares are allotted, called up, but not paid. The remaining 37,500 £1 shares are allotted, but not called up or paid.

In addition, there is one issued ordinary share, which is designated as a "Special Share". In respect of any resolution proposed in relation to any alteration in the articles of association of the Company, 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 Company.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

12. PROFIT AND LOSS ACCOUNT

	Period ended 31 August 2015 £'000
Profit for the period	2
Carried forward	<u>2</u>

13. MOVEMENT IN SHAREHOLDER'S FUNDS

	Period ended 31 August 2015 £'000
Shares issued during the period	50
Profit for the period	<u>2</u>
Closing shareholder's funds	<u>52</u>

14. ANALYSIS OF NET DEBT

	At 14 March 2014 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 August 2015 £'000
Net cash	-	2	-	2
Debts falling due after more than one year	<u>-</u>	<u>(37,162)</u>	<u>(505)</u>	<u>(37,667)</u>
Net debt	<u>-</u>	<u>(37,160)</u>	<u>(505)</u>	<u>(37,665)</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

15. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 of the bonds in relation to Hightown Housing Association Limited issued by the Company.

Geetha Rabindrakumar is a Director of the Company; she owns £500 of the bonds in relation to Golden Lane Housing Limited issued by the Company.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones, a Director of the Company, is also Secretary and Chief Executive of Allia Limited. During the period ended 31 August 2015 the Company charged Allia Bond Services Limited £59,000; Allia Bond Services Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2015 the Company was owed £18,000 from Allia Bond Services Limited.

In addition, Allia Limited holds the £1 Special Share described in note 11.

The Company has taken advantage of the exemption available to wholly owned group companies under Financial Reporting Standard Number 8, "Related Party Disclosures", not to disclose details of its transactions with R C Bond Holdings Limited.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is RC Bond Holdings Limited, which is a company limited by guarantee (registered company number 8936422).

The largest group in which the results of the Company are consolidated is that headed by RC Bond Holdings Limited. No other Group Statements include the results of the Company.

A copy of the Group financial statements can be obtained from RC Bond Holdings Limited, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, United Kingdom.

H

APPENDIX H

FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR ENDED 31 AUGUST 2016



Retail Charity Bonds plc
Financial Statements
for the year ended 31 August 2016

Registered number: 8940313

Retail Charity Bonds plc

**Contents of the Financial Statements
for the year ended 31 August 2016**

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Retail Charity Bonds plc
Reference and Administrative Details
for the year ended 31 August 2016

DIRECTORS:	John Tattersall (Chairman) Gordon D'Silva Thomas Hackett (Chairman, Review Committee) Timothy Jones Geetha Rabindrakumar Clare Thompson Philip Wright (Chairman, Audit Committee)
SECRETARY:	Cargil Management Services Limited 22 Melton Street London NW1 2BW
REGISTERED OFFICE:	27/28 Eastcastle Street London W1W 8DH
COMPANY NUMBER:	8940313
AUDITOR:	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP
PRINCIPAL BANKERS:	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR
SOLICITORS	Linklaters LLP One Silk Street London EC2Y 8HQ

Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016

Summary and highlights

Results

The Directors present their Annual Report and audited financial statements for the year to 31 August 2016.

The results of Retail Charity Bonds plc (the "Company") are set out on page 11. The articles of the Company do not permit the payment of a dividend.

Key performance indicators

The Company has no specific key performance indicators. It is monitored against the original performance model and it is thus expected to break even.

Chairman's statement

The Directors of Retail Charity Bonds plc are pleased to have approved the issue of a further bond in this year to the Charities Aid Foundation. Each member of the Board continues to give his or her time pro bono in order to support this important initiative and provide charities with access to the retail bond market, and we are grateful to all of them for their contribution.

Performance this year has been in line with expectations and we look forward to working with further charities in the coming year.

Business model and strategy

The Company is a special purpose vehicle created by Allia Limited, a national charity and social finance specialist. The Company has been established for the purpose of issuing bonds and lending the proceeds to UK charities to enable them to deliver their charitable mission. It will not engage in any other business activity.

The Board has established two committees:

1. The Review Committee is responsible for reviewing all loans to be made by the Company, recommending them to the Board for approval, considering the risk disclosures that will be required in relation to the charity and for recommending to the Board for approval any bond issues and the particular disclosures to be made in the relevant prospectus.
2. The Audit Committee is responsible for the Company's relationship with its external auditors, including advising the board on selection and remuneration, and for reviewing the operation of its internal controls as carried out on its behalf by Allia Impact Finance Limited ("Allia IFL").

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The cost of issuing the bond was £276,000 leaving a net balance of £19,724,000, which was advanced to CAF through a security trust arrangement with Prudential Trustee Company Limited.

Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 5.18%. CAF is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

The Company has appointed Allia IFL as origination manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk.

Interest rate risk

As at 31 August 2016 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company actively lends the full amount of the loans it itself borrowed, thus it has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

The Company is reliant on the interest paid on its loans to fund the interest owing to bondholders. The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds.

As each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets, the bondholders do not have recourse to any general assets of the Company and the risk of default by the borrowers is fully borne by the investors in the bonds.

Operational risks

Since the Company has no employees, it relies entirely on Allia IFL to provide management and administrative services. Any disruptions in the servicing arrangements could have an adverse effect on the Company. Having considered the complexity and volume of the transactions and the capability of Allia IFL, this risk is judged to be low.

Future outlook

The Directors are satisfied with the results in the year and expect future performance to continue on the same basis.

The Company expects to issue further bonds in the next twelve months.

**Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016**

Corporate governance statement

Internal control

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively.

By order of the board

A handwritten signature in black ink, appearing to read 'J Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
1 December 2016

**Retail Charity Bonds plc
Directors' Report
for the year ended 31 August 2016**

Incorporation

The Company was incorporated in England and Wales on 14 March 2014. Its ultimate parent undertaking is RC Bond Holdings Limited.

Principal activities

The principal activity of the Company is to act as a special purpose vehicle for the purpose of issuing bonds and lending the proceeds to UK charities. It will not engage in any other business activity.

The Directors of the Company who have served during the year and to the date of the financial statements are:

John Tattersall (Chairman)
Gordon D'Silva
Arvinda Gohil (resigned 8th June 2016)
Thomas Hackett
Timothy Jones
Geetha Rabindrakumar
Clare Thompson
Philip Wright

Independent auditor

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

Directors' remuneration

None of the Directors received any remuneration from the Company.

Directors' insurance

The Company has purchased insurance against Directors' liability for the benefit of the Directors of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the company will continue in operation.

In addition, the Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them

**Retail Charity Bonds plc
Directors' Report
for the year ended 31 August 2016**

to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

In accordance with Section 418, each Director in office at the date of the Directors' Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
1 December 2016

Independent Auditor's Report to the members of Retail Charity Bonds plc

We have audited the financial statements on pages 11 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of
Retail Charity Bonds plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

1 December 2016

Retail Charity Bonds plc
Statement of Comprehensive Income
for the year ended 31 August 2016

		Year ended 31 August 2016	Period ended 31 August 2015
	Notes	£'000	£'000
Turnover	2	37	32
Interest receivable and similar income	4	2,045	941
Interest payable and similar charges	6	(2,045)	(941)
Other income		22	59
Administrative expenditure		(59)	(89)
		<hr/>	<hr/>
Profit before taxation		-	2
Tax	7	-	-
		<hr/>	<hr/>
Profit and total comprehensive income for the year		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 23 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Financial Position
as at 31 August 2016

	Notes	As at 31 August 2016 £'000	As at 31 August 2015 £'000
Current assets			
Debtors: amounts due after more than one year	8	57,435	37,667
Debtors: amounts due after less than one year	9	832	513
Cash at bank and in hand		111	2
		<u>58,378</u>	<u>38,182</u>
Creditors			
Amounts falling due within one year	10	(891)	(463)
		<u>57,487</u>	<u>37,719</u>
Net current assets			
Creditors			
Amounts falling due after one year	11	(57,435)	(37,667)
		<u>52</u>	<u>52</u>
Net assets			
Capital and reserves			
Share capital	12	50	50
Profit and loss account		2	2
		<u>52</u>	<u>52</u>
Shareholder's funds			

The financial statements were approved by the Directors on 1 December 2016 and were signed on their behalf by:



JOHN TATTERSALL - CHAIRMAN

The notes on pages 15 to 23 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Changes in Equity
For the year ended 31 August 2016

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
Balance at 14 March 2014	-	-	-
Issue of shares	50	-	50
Profit for the period	-	2	2
Balance at 31 August 2015	50	2	52
Profit for the year	-	-	-
Balance at 31 August 2016	50	2	52

The notes on pages 15 to 23 form part of these financial statements.

Retail Charity Bonds plc
Statement of Cash Flows
for the year ended 31 August 2016

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Reconciliation of profit to net cash inflow		
Profit after tax	-	2
Receipt of bond proceeds	19,724	37,643
Loans advanced	(19,724)	(37,643)
Interest received	1,669	481
Interest paid	(1,669)	(481)
Increase in debtors	(13)	(27)
Increase in creditors	122	27
Net cash inflow from operations	<u>109</u>	<u>2</u>
CASHFLOW FOR THE PERIOD		
Increase in cash	109	2
Cash brought forward	2	-
Net cash resources at period end	<u>111</u>	<u>2</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

1. GENERAL INFORMATION

Retail Charity Bonds plc ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is shown on page 3.

The Company's principal activities are disclosed in the Director's Report.

ACCOUNTING POLICIES

The Company was incorporated on 14 March 2014 and the comparative figures shown in these accounts relate to the period from that date until 31 August 2015.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

First time adoption of FRS 102

These financial statements are the first financial statements of Retail Charity Bonds plc prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Retail Charity Bonds plc for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

No adjustments to opening reserves were made for transition to FRS102 and the comparatives have not been restated.

A summary of the more important accounting policies, which have been consistently applied, are set out below:

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with FRS 102 and the historical cost convention.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement. The Company considers that all of its financial instruments are "Basic Financial Instruments" and has elected to apply the provisions of Section 11 accordingly.

Basic financial assets, which include trade and other receivables, accrued revenue and cash and bank balances, are initially measured at transaction price including

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

transaction costs and are subsequently carried at amortised cost using the effective interest rate method.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of each bond are amortised over the life of the bond to which they relate.

Basic financial liabilities, including trade and other payables and accrued expenses are initially recognised at transaction price and subsequently carried at amortised cost, using the effective interest rate method.

Bond issuing costs

Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the profit and loss account over the expected life of the bond.

Going concern

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within its current arrangements and consequently the financial statements are presented on a going concern basis.

In their review, the Directors considered the support provided by Allia Impact Finances Limited under its services agreement with the Company. Without this support the Company might not be able to meet its liabilities as they fall due. However, the Directors are satisfied that this support will continue and be sufficient.

Turnover

The turnover shown in the profit and loss account represents fees for the arrangement of bond issues and for the servicing of existing bond issues and is recognised by the Company in respect of services supplied for bonds issued during the period, exclusive of Value Added Tax.

Other income

Other income represents payments from Allia Impact Finance Limited ("Allia IFL") under the Services Agreement with that company and is determined and credited on an accounting period basis.

Interest receivable

Interest receivable represents the amounts receivable as compound interest on the loan advances made and is calculated using the effective interest rate basis.

Interest payable

Interest payable represents the amounts payable as compound interest on the bonds issued and is calculated using the effective interest rate basis.

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The key estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the carrying value of loans receivable. However, the directors are satisfied that, because each bond prospectus stipulates that the obligations of the Company to pay amounts due on the Bond are limited to the Charged Assets, the risk of default by the borrowers is fully borne by the investors in the Bonds.

Critical area of judgement

The main critical area of judgement for the directors that has the most significant effect on the amounts recognised in the financial statements relates to the ability of Allia Impact Finance Limited to fulfil the agreement to provide services to support the Company and to make good any shortfall in the Company's results, while it establishes its business.

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

2. TURNOVER

Turnover was all derived from trading in the UK.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees for the arrangement of bond issues	37	32

3. STAFF COSTS

The Company employs no staff. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest receivable on loans	2,045	941

5. PROFIT AND LOSS ACCOUNT

The profit for the year/period is stated after charging:

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees payable to RSM UK Audit LLP and its associates:		
Audit remuneration	18	24
Review of interim statements	-	21
Tax compliance	-	3

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest payable to bond holders	2,045	941

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the period

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 20%.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Profit for the period before taxation	-	2
UK corporation tax at 20%	-	-
Current tax charge for the year	-	-

8. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Loan to Golden Lane Housing	10,905	10,888
Loan to Hightown Housing Association Limited	26,798	26,779
Loan to Charities Aid Foundation	19,732	-
	<u>57,435</u>	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited and Charities Aid Foundation are unsecured (see note 11 for further details).

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

9. DEBTORS: AMOUNTS DUE AFTER LESS THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Other debtors	13	27
Amounts owing from related companies	50	50
Accrued interest on Golden Lane Housing loan	40	40
Accrued interest on Hightown Housing Association Limited loan	396	396
Accrued interest on Charities Aid Foundation loan	333	-
	<u>832</u>	<u>513</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Trade creditors	83	3
Other creditors	3	-
Deferred income	11	-
Interest on bond to fund Golden Lane Housing loan	40	40
Interest on bond to fund Hightown Housing Association Limited loan	396	396
Interest on bond to fund Charities Aid Foundation loan	333	-
Accruals	25	24
	<u>891</u>	<u>463</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Bond to fund Golden Lane Housing loan	10,905	10,888
Bond to fund Hightown Housing Association Limited loan	26,798	26,779
Bond to fund Charities Aid Foundation loan	19,732	-
	<u>57,435</u>	<u>37,667</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(continued ...)

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The funds received after bond issue costs and retained funds were £19,724,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 5.18%.

The costs of issuing the bond were £276,000 leaving a net balance of £19,724,000 which was lent to Charities Aid Foundation.

Bond issue costs are amortised over the terms of the bonds using the effective interest rate method. For each bond amount, the borrowers are liable to the Company for both the bond coupon and the bond issue costs, under an agreement between the companies.

The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. This means that if the borrowers fail to make payments of interest or repayments of 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 against the borrowers.

Each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets. Therefore, the risk of default by the borrowers is fully borne by the investors in the bonds.

Bond amounts and repayment details are as follows:

<i>Bond to fund loan to:</i>	Issue date	Maturity date	Issue amount £'000	Interest rate	Net funds received £'000	Equivalent interest rate
Golden Lane Housing	29/7/14	29/7/21	11,000	4.375%	10,871	4.575%
Hightown Praetorian & Churches Housing Association	30/4/15	30/4/25	27,000	4.40%	26,773	4.506%
Charities Aid Foundation	12/4/16	12/4/26	20,000	5.00%	19,724	5.180%

The borrowings are due as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
Due in less than five years	10,905	-
Due in more than five years	46,530	37,667
	<u>57,435</u>	<u>37,667</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

12. SHARE CAPITAL

	At 31 August 2016 £'000	At 31 August 2015 £'000
Authorised issued shares of £1 each	50	50
Allotted, called up, but not paid	13	13

No shares were issued during the year.

12,500 of the issued £1 shares are allotted, called up, but not paid. The remaining 37,500 £1 shares are allotted, but not called up or paid.

In addition, there is one issued ordinary share, which is designated as a "Special Share". In respect of any resolution proposed in relation to any alteration in the articles of association of the Company, 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 Company.

13. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 (2015: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 (2015: £10,000) of the bonds in relation to Hightown Housing Association Limited issued by the Company.

Geetha Rabindrakumar is a Director of the Company; she owns £500 (2015: £500) of the bonds in relation to Golden Lane Housing Limited issued by the Company.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones, a Director of the Company, is also Secretary and Chief Executive of Allia Limited. During the period ended 31 August 2016 the Company charged Allia Impact Finance Limited £23,000 (2015: £59,000); Allia Impact Finance Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2016 the Company owed £73,000 to Allia Impact Finance Limited (2015: £18,000 from Allia Impact Finance Limited).

In addition, Allia Limited holds the £1 Special Share described in note 12.

During this year and the prior period, the Company employed no staff and had no key management other than the directors. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services (2015: £nil).

Retail Charity Bonds plc
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14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is RC Bond Holdings Limited, which is a company limited by guarantee (registered company number 8936422).

The largest group in which the results of the Company are consolidated is that headed by RC Bond Holdings Limited. No other consolidated financial statements include the results of the Company.

A copy of the consolidated financial statements can be obtained from RC Bond Holdings Limited, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, United Kingdom.

15. FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments were as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
<i>Financial assets:</i>		
Debtors and prepayments	13	27
Accrued interest	769	436
Loans made, measured at amortised cost	57,435	37,667
	<u>58,217</u>	<u>38,130</u>
<i>Financial liabilities:</i>		
Trade creditors	(83)	(3)
Accruals	(25)	(24)
Accrued interest	(769)	(436)
Bonds issued, measured at amortised cost	(57,435)	(37,667)
	<u>(58,312)</u>	<u>(38,130)</u>

The total interest income / (expense) for each of these, using the effective interest rate method, is as follows:

<i>Financial assets</i>		
Debtors and prepayments	-	-
Accrued interest	-	-
Loans made, measured at amortised cost	2,045	941
	<u>2,045</u>	<u>941</u>
<i>Financial liabilities</i>		
Trade creditors	-	-
Accruals	-	-
Accrued interest	-	-
Bonds issued, measured at amortised cost	(2,045)	(941)
	<u>(2,045)</u>	<u>(941)</u>

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Prudential Trustee Company Limited
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REGISTRAR

The Bank of New York Mellon, London Branch
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 London E14 5AL

SERVICER

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CUSTODIAN

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