

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 ("FSMA") or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.**

This document comprises a prospectus relating to Schroder BSC Social Impact Trust plc (the "**Company**") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority ("**FCA**") made pursuant to section 73A of FSMA.

This Prospectus has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

Applications will be made for all of the Shares of the Company, issued and to be issued pursuant to the Issue (including the Initial Issue and any Subsequent Placing) to be admitted to the premium segment of the Official List of the FCA and to be admitted to trading on the premium segment of the London Stock Exchange's main market. It is expected that Admission will become effective and that dealings for normal settlement in the Shares will commence on 22 December 2020 in respect of Initial Admission, and in the period from that date to 22 November 2021 in respect of any Subsequent Admissions.

The Company and each of the Directors, whose names appear on page 37 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Portfolio Manager accepts responsibility for the information in Parts 3, 4 and 5 of this Prospectus, and declares that such information is, to the best of its knowledge, in accordance with the facts and those Parts of this Prospectus make no omission likely to affect their import.

**Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" when considering an investment in the Company.**

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# **SCHRODER BSC SOCIAL IMPACT TRUST PLC**

*(Incorporated in England and Wales with company no. 12902443 and registered as an investment company under section 833 of the Companies Act 2006)*

**INITIAL PLACING, OFFER FOR SUBSCRIPTION, INTERMEDIARIES  
OFFER AND ISSUE OF CONSIDERATION SHARES FOR A TARGET ISSUE OF  
100 MILLION ORDINARY SHARES AT 100 PENCE PER ORDINARY SHARE**

**and**

**PLACING PROGRAMME OF ORDINARY SHARES AND/OR C SHARES**

*AIFM*

**Schroder Unit Trusts Limited**

*Portfolio Manager*

**Big Society Capital Limited**

*Sponsor, Financial Adviser and Placing Agent*

**Winterflood Securities Limited**

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Winterflood Securities Limited ("**Winterflood**") is authorised and regulated in the United Kingdom by the FCA and is acting as sponsor, financial adviser and placing agent for the Company and for no-one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Winterflood or for affording advice in relation to the contents of this Prospectus or any matters referred to herein. Winterflood is not responsible for the contents of this Prospectus. This does not exclude any responsibilities which Winterflood may have under FSMA or the regulatory regime established thereunder.

In considering whether to apply for Shares, you should rely only on information contained in this Prospectus. Recipients of this Prospectus acknowledge that: (i) they have not relied on the Company, the AIFM, the Portfolio Manager or Winterflood or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus and that no person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the AIFM,

the Portfolio Manager or Winterflood. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and paragraph 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any subscription for Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in this Prospectus is correct at any time subsequent to, the date of this Prospectus. No statement in this Prospectus is intended as a profit forecast.

The Offer for Subscription and the Intermediaries Offer will remain open until 11.00 a.m. on 15 December 2020. The Placing will remain open until 2.00 p.m. on 16 December 2020. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in the Appendix to this Prospectus. To be valid, Application Forms must be completed and returned with the appropriate remittance by post, or by hand (during normal business hours only), to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so as to be received no later than 11.00 a.m. on 15 December 2020.

The Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act of 1933, as amended ("**Regulation S**" and the "**US Securities Act**", respectively)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The Company is not and does not intend to become an "investment company" within the meaning of the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**"). Accordingly, the Company has not been, and will not be, registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. In addition, neither the AIFM nor the Portfolio Manager has been and will not be registered as an investment adviser under the US Investment Advisers Act of 1940, as amended (the "**US Investment Advisers Act**") and neither the Company nor investors will be entitled to the benefits of the US Investment Advisers Act.

This Prospectus must not be distributed into the United States or to US Persons. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, or any other securities commission or regulatory authority in the United States. None of the foregoing authorities have passed upon or endorsed the merits of the offering of the Shares or approved this Prospectus or confirmed the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM, the Portfolio Manager or Winterflood. The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exemptions, the Shares may not be offered to or sold within Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

Capitalised terms have the meanings ascribed to them in Part 15 (Definitions) of this Prospectus.

**Without limitation, neither the contents of the Company's, the AIFM's or the Portfolio Manager's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's, the AIFM's or the Portfolio Manager's website (or any other website) is incorporated into, or forms part of, this Prospectus.**

Dated: 23 November 2020

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# SUMMARY

<b>1.</b>	<b>Introduction and warnings</b>
a.	<b><i>Name and ISIN of securities</i></b>
	<p><i>Ordinary Shares</i> TIDM: SBSI ISIN: GB00BF781319</p> <p><i>C Shares</i> ISIN: GB00BF781202</p>
b.	<b><i>Identity and contact details of the issuer</i></b>
	<p>Name: Schroder BSC Social Impact Trust plc (the "<b>Company</b>") (incorporated in England and Wales with registered number 12902443)</p> <p>Registered Office: 1 London Wall Place, London EC2Y 5AU, United Kingdom</p> <p>Tel: +44 (0)207 658 6000</p> <p>Legal Entity Identifier (LEI): 549300PG5MF2NY4ZRM86</p>
c.	<b><i>Identity and contact details of the competent authority</i></b>
	<p>Name: Financial Conduct Authority</p> <p>Address: 12 Endeavour Square, London, E20 1JN, United Kingdom</p> <p>Tel: +44 (0) 20 7066 1000</p>
d.	<b><i>Date of approval of the prospectus</i></b>
	23 November 2020
e.	<b><i>Warnings</i></b>
	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.</p>
<b>2.</b>	<b>Key information on the issuer</b>
a.	<b><i>Who is the issuer of the securities?</i></b>
i.	<p><i>Domicile and legal form, LEI, applicable legislation and country of incorporation</i></p> <p>The Company is a public limited company, registered and incorporated in England and Wales under the Companies Act 2006 (the "<b>Act</b>") on 24 September 2020 with registered number 12902443. The Company's LEI is 549300PG5MF2NY4ZRM86. The Company is registered as an investment company under section 833 of the Act and carries on its activities as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.</p>
ii.	<p><i>Principal activities</i></p> <p>The principal activity of the Company is to invest in accordance with the Company's investment policy with a view to achieving its investment objective.</p>
iii.	<p><i>Investment objective</i></p> <p>The Company's investment objective is to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of private market impact funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.</p> <p>The Company aims to provide a Net Asset Value total return of CPI plus 2 per cent. per annum (once the portfolio is fully invested and averaged over a rolling three- to five-year period, net of fees) with low correlation to traditional quoted markets while helping to address significant social issues in the UK.</p>

iv.	<p><b>Major Shareholders</b></p> <p>As at the date of this Prospectus, insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.</p> <p>On completion of the Acquisition, which is conditional upon Initial Admission, up to 25 million Consideration Shares<sup>1</sup> will be issued to the Portfolio Manager in part consideration for the Acquisition by the Company of the Initial Portfolio. Accordingly, upon Initial Admission the Portfolio Manager is expected to hold 25 per cent. of the voting share capital of the Company.</p> <p>Schroder &amp; Co. Ltd has informed the Company of its intention to subscribe for Ordinary Shares in the Initial Placing on behalf of their clients representing £17.5 million or 17.5 per cent. of the Company's issued share capital on Initial Admission. The final subscription amount will be subject to final demand of the clients of Schroder &amp; Co. Ltd and the final number of Ordinary Shares to be issued by the Company pursuant to the Initial Issue. Accordingly, upon Initial Admission Schroder &amp; Co. Ltd is expected to hold approximately 17.5 per cent. of the voting share capital of the Company.</p> <p>Save as described above, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.</p>
v.	<p><b>Directors</b></p> <p>Susannah Nicklin (Chair), Mike Balfour, James B. Broderick and Alice Chapple.</p>
vi.	<p><b>Statutory auditors</b></p> <p>BDO LLP of 55 Baker Street, London W1U 7EU, United Kingdom.</p>
b.	<p><b>What is the key financial information regarding the issuer?</b></p>
	<p>The Company is newly incorporated and has no historical financial information.</p>
c.	<p><b>What are the key risks that are specific to the issuer?</b></p>
	<ul style="list-style-type: none"> <li>There can be no guarantee that the Company will achieve its investment objective or that investors will get back the amount of their original investment.</li> <li>The Company has no operating history and investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective.</li> <li>The Company has no employees and is reliant on the performance of third party service providers. Failure by the AIFM, the Portfolio Manager or any other third party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company.</li> <li>The financial performance of the Company will depend upon the financial performance of the underlying portfolio. The Company's portfolio will include Social Impact Investments over which the Company and Portfolio Manager have no control. In particular, investments in Impact Funds and certain Co-Investments will be managed by third party managers. The Company's performance and returns to Shareholders will depend on the performance of those Social Impact Investments and their managers.</li> <li>The Company's objective is to deliver measurable positive social impact as well as long term capital growth and income and these dual aims will generally be given equal weighting. Social impact is the improvement of the life outcomes of beneficiaries in a specific target group or groups. There is no universally accepted definition of 'impact', an assessment of which requires value judgements to be made. The Company's impact focus may mean that the financial returns to Shareholders are lower than those which might be achieved by other investment products.</li> <li>The Company depends on the diligence, skill, judgement and business contacts of the Portfolio Manager's investment professionals and the information and deal flow they generate, especially given the specialist nature of social impact investing. The departure of some or all of the Portfolio Manager's investment professionals could prevent the Company from achieving its investment objective.</li> <li>The Company will make investments where the Company's commitment is called over time. Due to the nature of such investments, in the normal course of its activities the Company expects to have outstanding commitments in respect of Social Impact Investments that may be substantial relative to the Company's assets. The Company's ability to meet these commitments, when called, is dependent upon the Company having sufficient cash or liquid assets at the time, the receipt of cash distributions in respect of Investments (the timing and amount of which can be unpredictable) and the availability of the Company's borrowing facilities, if any.</li> </ul>

1 Assuming the issued share capital of the Company at Admission is 100 million Shares.

	<ul style="list-style-type: none"> <li>The Company's investments may be illiquid and a sale may require the consent of other interested parties. Such investments may therefore be difficult to realise and to value. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments estimated by the Company.</li> <li>Any change in the Company's tax status or in taxation legislation or practice generally could adversely affect the value of the investments held by the Company, or the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.</li> </ul>
<b>3.</b>	<b>Key information on the securities</b>
<b>a.</b>	<b><i>What are the main features of the securities?</i></b>
i.	<p><i>Type, class and ISIN of the securities being admitted to trading on a regulated market</i></p> <p>The securities that may be issued under the Issue are Ordinary Shares of 1 penny each and C Shares of 10 pence each in the capital of the Company.</p> <p>The ISIN of the Ordinary Shares is GB00BF781319. The ISIN of the C Shares is GB00BF781202.</p>
ii.	<p><i>Currency, denomination, par value, number of securities issued and term of the securities</i></p> <p>The Ordinary Shares are denominated in pounds sterling and have nominal value 1 penny each. The issue price of the Ordinary Shares under the Initial Issue is 100 pence. The issue price of the Ordinary Shares that may be issued under the Placing Programme is not known at the date of this Prospectus, but will be not less than the last published Net Asset Value, in pounds sterling, per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue.</p> <p>The C Shares are denominated in pounds sterling and have nominal value 10 pence each. No C Shares are being issued under the Initial Issue. The issue price of the C Shares that may be issued under the Placing Programme is 100 pence.</p> <p>Up to 100 million Ordinary Shares may be issued pursuant to the Initial Issue. Up to 100 million Shares, being Ordinary Shares and/or C Shares, may be issued under the Placing Programme. The Shares have no fixed term.</p>
iii.	<p><i>Rights attached to the securities</i></p> <p>Holders of Ordinary Shares and C Shares (if in issue) shall be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of Shares.</p> <p>On a winding-up or a return of capital by the Company, (i) holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to C Shares (if any) in issue, and (ii) holders of C Shares shall be entitled to receive an amount calculated in accordance with the Articles as being, broadly, the net assets attributable to each relevant class of C Shares dividend by the number of C Shares of each such class.</p> <p>Holders of Shares will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Share held.</p> <p>The Shares are not redeemable.</p> <p>The consent of the holders of each class of Shares will be required for the variation of any rights attached to the relevant class of Shares.</p>
iv.	<p><i>Relative seniority of the securities in the event of insolvency</i></p> <p>On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares (if any) in issue.</p>
v.	<p><i>Restrictions on free transferability of the securities</i></p> <p>There are no restrictions on the free transferability of the Shares, subject to compliance with applicable securities laws and the restrictions on transfer contained in the Company's Articles.</p> <p>Under the Articles, the Directors may refuse to register the transfer of a Share in certificated form which is not fully paid, or a Share in uncertificated form where it is entitled to refuse to register the transfer under the CREST Regulations, provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.</p> <p>The Directors may also refuse to register a transfer of a Share in certificated form unless the instrument of transfer:</p> <p>(i) is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the Share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;</p>

	<p>(ii) is in respect of only one class of Share; and</p> <p>(iii) is not in favour of more than four transferees.</p> <p>There are also certain limited circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Shares.</p>
vi.	<p><i>Target returns and distribution policy</i></p> <p>The Company aims to provide a Net Asset Value total return of CPI plus 2 per cent. per annum (once the portfolio is fully invested and averaged over a rolling three- to five-year period, net of fees).</p> <p>The Company will pay out its income as required by applicable law but does not have any distribution targets. The Company intends to pay distributions on an annual basis.</p> <p>In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.</p> <p>Whilst the Company's income is expected to vary over time depending on portfolio construction, to the extent an annual dividend is declared by the Board, it is anticipated to represent in the region of a 1-2 per cent. yield on Net Asset Value.</p> <p>Investors should note that the target return set out above is a target only and not a profit forecast and there can be no assurance that it will be met or that any capital growth or distributions, or any growth in distributions, will be achieved.</p>
b.	<p><b>Where will the securities be traded?</b></p> <p>Applications will be made to the Financial Conduct Authority for all of the Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market.</p>
c.	<p><b>What are the key risks that are specific to the securities?</b></p> <ul style="list-style-type: none"> <li>The value of the Shares can fluctuate and may go down as well as up and an investor may not get back the amount invested. The market price of the Shares, like shares in all investment trusts, may fluctuate independently of their underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market conditions and general investor sentiment.</li> <li>There can be no guarantee that a liquid market in the Shares will exist. Accordingly, Shareholders may be unable to realise their Shares at the quoted market price or at all.</li> <li>The Company may issue new equity in the future pursuant to the Placing Programme or otherwise. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</li> </ul>
<p><b>4. Key information on the admission to trading on a regulated market</b></p>	
a.	<p><b>Under which conditions and timetable can I invest in this security?</b></p>
i.	<p><i>General terms and conditions</i></p> <p>The Company may issue up to 100 million Ordinary Shares pursuant to the Initial Issue and up to a further 100 million Shares, being Ordinary Shares and/or C Shares, pursuant to the Placing Programme. The Initial Issue opens on publication of this Prospectus and will close on 16 December 2020. The Placing Programme opens on the date of Initial Admission and will close on 22 November 2021 (or, if earlier, such date on which all of the Shares available for issue under the Placing Programme have been issued or as determined by the Directors).</p> <p>The Initial Issue is conditional, inter alia, on: (i) Initial Admission occurring by 8.00 a.m. on 22 December 2020 (or such later date, not being later than 31 March 2021, as the Company and Winterflood may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects in relation to the Initial Issue and not having been terminated in accordance with its terms prior to Initial Admission; and (iii) the Minimum Issue Size (or such lesser amount as the Company and Winterflood may agree) being achieved.</p> <p>If the Minimum Issue Size, or such lesser amount as the Company and Winterflood in their absolute discretion may decide, is not achieved, the Initial Issue will not proceed and application monies received under the Initial Placing, Offer for Subscription and Intermediaries Offer will be returned to applicants without interest at the applicants' risk.</p> <p>Ordinary Shares are available in the Initial Issue at the Issue Price.</p>



	<p>Each allotment and issue of Shares under the Placing Programme is conditional, inter alia, on: (i) the Placing Programme Price being determined by the Directors as described below; (ii) Admission of the Shares being issued pursuant to such issue; (iii) the Placing Agreement becoming otherwise unconditional in all respects in relation to the relevant Subsequent Placing and not having been terminated on or before the date of the relevant Admission; (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation; and (v) the Company having in place appropriate Shareholder authorities to issue such Shares.</p> <p>In circumstances where these conditions are not fully met, the relevant Subsequent Placing of Shares pursuant to the Placing Programme will not take place.</p> <p>The Placing Programme Price in respect of the Ordinary Shares will be determined by the Company and will be not less than the last published Net Asset Value, in pounds sterling, per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue. The Placing Programme Price in respect of C Shares will be 100 pence per C Share.</p>
ii.	<p><i>Expected Timetable</i></p> <p style="text-align: right;">2020</p> <p><b>Initial Issue</b></p> <p>Publication of this Prospectus and commencement of the Initial Placing, the Offer for Subscription and the Intermediaries Offer <span style="float: right;">23 November</span></p> <p>Latest time and date for applications under the Offer for Subscription <span style="float: right;">11.00 a.m. on 15 December</span></p> <p>Latest time and date for receipt of completed applications from the Intermediaries in respect of the Intermediaries Offer <span style="float: right;">11.00 a.m. on 15 December</span></p> <p>Latest time and dates for commitments under the Initial Placing <span style="float: right;">2.00 p.m. on 16 December</span></p> <p>Publication of results of the Initial Issue (through a Regulatory Information Service) <span style="float: right;">17 December</span></p> <p>Completion of the Acquisition, Admission and dealings in Ordinary Shares commence <span style="float: right;">8.00 a.m. on 22 December</span></p> <p>CREST accounts credited with uncertificated Ordinary Shares <span style="float: right;">22 December</span></p> <p>Where applicable, definitive share certificates despatched by post in the week commencing <span style="float: right;">28 December (or as soon as possible thereafter)</span></p> <p><b>Subsequent Placings under the Placing Programme</b></p> <p>Subsequent Placings under the Placing Programme <span style="float: right;">between 22 December 2020 and 22 November 2021</span></p> <p>Announcement of the results of each Subsequent Placing <span style="float: right;">as soon as practicable following the closing of a Subsequent Placing</span></p> <p>Admission and crediting of CREST accounts in respect of each Subsequent Placing <span style="float: right;">as soon as practicable following the allotment of Shares pursuant to a Subsequent Placing</span></p> <p>Definitive share certificates in respect of the Shares issued pursuant to each Subsequent Placing despatched by post <span style="float: right;">approximately one week following the Admission of any Shares pursuant to a Subsequent Placing</span></p>
iii.	<p><i>Details of admission to trading on a regulated market</i></p> <p>Applications will be made to the Financial Conduct Authority for all of the Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market.</p>



iv.	<p><i>Plan for distribution</i></p> <p>The Company is seeking to issue 100 million Ordinary Shares, including the Consideration Shares, to raise the Target Gross Cash Proceeds and acquire the Initial Portfolio. The Ordinary Shares will be made available for subscription by way of the Initial Placing, the Offer for Subscription and the Intermediaries Offer. The maximum number of Ordinary Shares to be issued under the Initial Issue is 100 million.</p> <p>The maximum number of Shares to be issued under the Placing Programme is 100 million. The number of Shares available under the Placing Programme is intended to be flexible and should not be taken as an indication of the number of Shares that will be issued.</p> <p>Any issues of Shares will be notified by the Company through a Regulatory Information Service and the Company's website, prior to each Admission.</p>
v.	<p><i>Amount and percentage of immediate dilution resulting from the issue</i></p> <p>The Initial Issue will not result in dilution.</p> <p>Assuming the maximum of 100 million Ordinary Shares are issued pursuant to the Initial Issue, if the maximum of 100 million Shares are then issued pursuant to the Placing Programme, for those Shareholders that do participate in any of the Subsequent Placing(s) there would be a dilution of approximately 50 per cent. in Shareholders' ownership and voting interests in the Company immediately after the Placing Programme. The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio. However, it is not intended that there would be any dilution in the NAV per Share as a result of any Subsequent Placing under the Placing Programme.</p>
vi.	<p><i>Estimate of the total expenses of the issue</i></p> <p>The Company is bearing fixed costs of approximately £1.28 million in connection with the Issue and the publication of the Prospectus.</p> <p>The net proceeds of the Initial Issue are dependent on the number of Ordinary Shares issued.</p> <p>The net proceeds of the Placing Programme are dependent on the number of Shares issued and the relevant Placing Programme Price(s). The costs and expenses of each Issue of Shares pursuant to the Placing Programme will depend on subscriptions received. In respect of the issue of Ordinary Shares under the Placing Programme, it is intended that these costs and expenses will be covered by issuing such Ordinary Shares at a premium to the last published Net Asset Value per Ordinary Share at the time of issue. The costs of any issue of C Shares will be allocated solely to the relevant class of C Shares.</p>
vii.	<p><i>Estimated expenses charged to the investor</i></p> <p>The costs and expenses of the Initial Issue will be borne by the Company and are expected to be approximately £1.28 million assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue. These costs will be deducted from the Gross Cash Proceeds and it is expected that the starting Net Asset Value per Ordinary Share will be approximately 98.72 pence (assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue).</p> <p>No expenses will be charged to investors by the Company.</p> <p>All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.</p> <p>It is intended that the costs and expenses of each Subsequent Placing of Ordinary Shares under the Placing Programme will be covered by issuing Ordinary Shares at a premium to the last published Net Asset Value per Ordinary Share at the time of issue, and that the costs of any issue of C Shares will be allocated solely to the relevant class of C Shares, rather than being charged directly to any investor.</p>
b.	<p><b><i>Why is this prospectus being produced?</i></b></p>
i.	<p><i>Reasons for the Initial Issue and the Placing Programme</i></p> <p>The Initial Issue is being made in order to provide investors with the opportunity to invest in a diversified portfolio of private market Social Impact Investments with a focus on delivering a positive social impact in the United Kingdom.</p> <p>Subsequent Placings will be made under the Placing Programme to the extent that the Board, as advised by the AIFM and the Portfolio Manager, continues to believe that there are attractive opportunities for the Company to deliver returns for Shareholders and measurable positive social impact through investment in accordance with its investment objective and investment policy.</p>
ii.	<p><i>The use and estimated net amount of the proceeds</i></p> <p>The Gross Cash Proceeds of the Initial Issue will be utilised in accordance with the Company's investment policy, including to pay the cash element of the consideration for the Acquisition of the Initial Portfolio, to meet the costs and expenses of the Initial Issue and to make investments in accordance with the</p>

	<p>Company's investment objective and investment policy, which may include those investments that form part of the identified pipeline.</p> <p>The net proceeds of the Initial Issue depends upon the number of Ordinary Shares issued pursuant to the Initial Issue and is not known as at the date of this Prospectus, but will be notified by the Company via a Regulatory Information Service prior to Admission.</p> <p>The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy.</p> <p>The net proceeds of the Placing Programme are dependent on the number of Shares issued and the relevant Placing Programme Price(s).</p>
iii.	<p><i>Underwriting</i></p> <p>The Issue is not being underwritten.</p>
iv.	<p><i>Material conflicts of interest</i></p> <p>On Initial Admission, the Company will acquire the Initial Portfolio from the Portfolio Manager. Following Initial Admission, the Company may make Social Impact Investments alongside the Portfolio Manager and/or in which the Portfolio Manager has a direct interest or an indirect interest via investments in intermediary organisations who in turn invest into companies, charities and social enterprises, and may acquire Social Impact Investments from, or dispose of Social Impact Investments to, the Portfolio Manager, in each case in accordance with the Company's investment policy. Save as identified in this paragraph, there are no interests that are material to the Issue and no conflicting interests.</p>

## RISK FACTORS

Any investment in the Company should not be regarded as short-term in nature and involves a degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below. An investment in the Shares is suitable for institutional investors, professionally advised private investors and retail investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Shares, who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

The Directors believe that the risks described below are the material risks relating to the Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review the Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issue.

### **A. Risks relating to the Company**

#### ***The Company may not meet its investment objective***

The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company's ability to meet its investment objective will largely depend on the Portfolio Manager's ability to identify suitable investments that are in accordance with the Company's investment policy. There can be no assurance that the Company will be successful in implementing the investment strategy of the Company as it cannot be guaranteed that the Portfolio Manager will be able to locate, select, negotiate terms, and develop investment opportunities.

#### ***The Company is a newly formed company with no operating history***

The Company was incorporated on 24 September 2020. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been made up. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

#### ***The Company has no employees and is reliant on the performance of third party service providers***

The Company has no employees and the Directors have all been appointed on a non-executive basis. Therefore, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the AIFM, the Portfolio Manager and the Depositary will be performing services which are integral to the operation of the Company. Failure by any of these or any other service provider to carry out its obligations to the Company in accordance with the terms of its appointment, together with a failure by the Company to enforce such terms, could have a materially detrimental impact on the operation of the Company.

***The financial performance of the Company will depend upon the financial performance of the underlying portfolio***

The Company's portfolio will include Social Impact Investments over which the Company and Portfolio Manager has no or limited control. In particular, investments in Impact Funds and certain Co-Investments will be managed by third party managers. The Company's performance and returns to Shareholders will depend on the performance of those Social Impact Investments and their managers, including the ability of the third party managers to effectively select, monitor, manage and exit underlying investments. The Company is subject to all the material risks affecting the Social Impact Investments.

In some cases, the Portfolio Manager may have a role in the structuring of an Impact Fund or Co-Investment opportunity or be in a position to negotiate special rights or features. However, the Company and the Portfolio Manager cannot be expected to always have a material influence, or any influence, over the structure or features of the Impact Funds and other Social Impact Investments in which the Company will invest. The Company will rely on the skills and capabilities of the investment managers and other investment professionals of the Impact Funds and other Social Impact Investments in selecting, evaluating, structuring, negotiating and monitoring the underlying portfolios. The investment professionals managing the Social Impact Investments will have discretion when making investments; investment decisions will not be subject to the approval of the Company or the Portfolio Manager. The Company has no role in recruiting, retaining, and motivating the investment professionals responsible for the management of the Impact Funds and certain Co-Investments. There can be no assurances that professionals involved in managing such Social Impact Investments will continue to be so engaged, or that suitable replacements will be found should they leave. If professionals involved in Social Impact Investments were to leave this could adversely affect the value of the Company's portfolio.

The Company can offer no assurances that the Social Impact Investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained in other investments. There can be no assurance that a third party investment manager of a Social Impact Investment will be able to implement the relevant investment strategy or achieve the relevant investment objective. The Company can offer no guarantee that the investments of the Impact Funds and Co-Investment portfolios will be diversified. The Company may have a very limited ability to redeem or transfer its interest or otherwise withdraw from Impact Funds and other Social Impact Investments.

***No guarantee of return***

Investors should note that the target returns of the Company are targets only and not profit forecasts and there can be no assurance that they will be met or that any capital growth or distributions, or any growth in distributions, or any appreciation in the value of the Shares will be achieved.

***Dual aims of delivering social impact as well as financial returns***

The Company's objective is to deliver measurable positive social impact to people in the UK as well as long term capital growth and income and these dual aims will generally be given equal weighting. Social impact is the improvement of the life outcomes of beneficiaries in a specific target group or groups. There is no universally accepted definition of 'impact', an assessment of which requires value judgements to be made. The Company's impact focus may mean that the financial returns to Shareholders are lower than those which might be achieved by other investment products.

***The effects of both normal market fluctuations and potential economic crises may impact the Company's business, operating results or financial condition***

The Company may experience fluctuations in its operating results due to fluctuations in markets generally, which may be considered normal or may be the result of a financial or economic crisis or other macroeconomic shock. The Company's results may be affected in these circumstances by, for

example, changes in the values of investments made by the Company, changes in operating expenses, and general economic and market conditions (including changes to interest rates, credit spreads, equity risk premium, inflation and bond ratings, property prices, changes in laws or regulations, national and international political circumstances, the outbreak of an epidemic or pandemic and national and international policy reactions thereto, as well as the general market pricing of similar investments).

Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period and this may materially adversely affect the performance of the Company, the NAV, the Company's earnings and returns to Shareholders.

### ***An investment in the Company is not a hedge against inflation***

Although the Company's target returns are set by reference to the CPI, an investment in the Company should not be considered to be a hedge against the risks of inflation on a portfolio. The Company expects to invest in some Social Impact Investments with inflation linkage, some with inflation correlation and some with no link to inflation. It is not anticipated that these assets will directly track CPI or any other measure of inflation.

### ***Cyber security risk***

The Company and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Directors, the Company, the AIFM, the Portfolio Manager, the Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including: by interference with the Company's ability to calculate its Net Asset Value; impediments to trading for the Company's portfolio; the inability of Shareholders to transact business with the Company; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Company invests, counterparties with which the Company engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to mitigate the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### ***Substantial shareholders in the Company***

From time to time, there may be Shareholders with substantial interests in the Company. Any substantial Shareholders' interests may not be aligned to the interests of other Shareholders and such substantial Shareholders may seek to exert influence over the Board and the Company through the exercise of voting rights at general meetings or otherwise. In the event that such Shareholders are able to exert influence to the detriment of the other Shareholders, this may have an adverse effect on Shareholder returns.

In particular, the Portfolio Manager will hold 25 per cent. of the issued Shares upon Initial Admission as a result of the issue to it of the Consideration Shares in part consideration for the Acquisition of the Initial Portfolio.

## **B. Risks relating to the Portfolio Manager**

### ***The departure of some or all of the Portfolio Manager's investment professionals could prevent the Company from achieving its investment objective***

The Company depends on the diligence, skill, judgement and business contacts of the Portfolio Manager's investment professionals and the information and deal flow they generate and communicate to the Company during the normal course of their activities. The Company's future success depends on the continued service of these individuals (or their replacements from time to time) who are not obligated to remain employed with the Portfolio Manager, and the Portfolio Manager's ability to recruit, retain and motivate new talented personnel. However, the Portfolio Manager may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is competitive.

### ***There can be no assurance that the Directors will be able to find a replacement portfolio manager if the Portfolio Manager resigns***

Under the Portfolio Management Agreement, the Portfolio Manager may resign on 12 months' notice, such notice not to expire prior to the fifth anniversary of Initial Admission. The Portfolio Manager shall, from the date any such resignation takes effect, cease to provide portfolio management services in respect of the Company. The Directors and the AIFM would, in these circumstances, have to find a replacement portfolio manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In that event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include a merger with another investment company, reconstruction or winding up.

### ***Each of the AIFM and the Portfolio Manager and its respective affiliates may provide services to other clients, including the Portfolio Manager's proprietary portfolio***

The AIFM and the Portfolio Manager and their respective officers, employees and affiliates may be involved in other financial, investment or professional activities that may give rise to conflicts of interest with the Company. In particular, the AIFM and the Portfolio Manager may provide investment management, investment advice or other services in relation to other companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may also invest on their own account.

The AIFM and other members of the Schroder Group currently provide such services to a number of other clients and intend to continue to do so.

The Portfolio Manager is active in the UK social impact investment sector and has a significant proprietary portfolio of impact investments. These investments include investments that are similar to the Investments that are expected to be held by the Company, and in some cases the Portfolio Manager may hold a direct or indirect interest in an investment in the same underlying Impact Fund or undertaking as the Company. The Company may invest in Social Impact Investments alongside the Portfolio Manager. In addition, the Company may invest in Social Impact Investments and entities in which the Portfolio Manager has a direct or indirect interest. It is not generally expected that investments in Impact Funds and Co-Investments made alongside the Portfolio Manager, or investments in which the Portfolio Manager has a direct or indirect interest, will be treated as related party transactions for the purposes of chapter 11 of the Listing Rules on the basis that such transactions are expected to be made in accordance with the Company's investment policy and therefore in accordance with Listing Rule 15.5.5. The Company may also acquire Social Impact Investments from, or dispose of Social Impact Investments to, the Portfolio Manager, and it is expected that such transactions will be treated as related party transactions for the purposes of chapter 11 of the Listing Rules. The Initial Portfolio comprises investments that, prior to Initial Admission, form part of the Portfolio Manager's proprietary portfolio. Although policies and procedures are in place to manage any resultant conflicts of interest, the Portfolio Manager may



have conflicts of interest in allocating investments amongst the Company and its other clients, including its proprietary portfolio.

***Each of the AIFM and the Portfolio Manager may allocate some of its resources to activities in which the Company is not engaged***

Neither the AIFM nor the Portfolio Manager is required to commit all of its resources to the Company's affairs. Insofar as either the AIFM or Portfolio Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, NAV and the market price of the Shares.

***Past performance is no indication of future results***

The past performance of other investments managed or advised by the AIFM or the Portfolio Manager or any of their respective investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment objective and investment policy.

The success of the Company will depend, amongst other things, on the ability of the Portfolio Manager to identify, acquire and realise investments in accordance with the Company's investment objective and investment policy. This, in turn, will depend on the ability of the Portfolio Manager to apply its investment analysis processes in a way which is capable of identifying suitable investments for the Company to invest in and to monitor, support and exit such investments effectively.

**C.(i) Specific risks relating to the Company's investments – general**

***Funding of investment commitments and capital calls***

The Company will be expected to make a commitment to the Impact Funds in which it will invest, and Co-Investments and Direct Investments may similarly be structured on a commitment basis. Such commitments may be drawn down, or called, from time to time at the discretion of the managers of the relevant Social Impact Investment. Due to the nature of such investments, in the normal course of its activities the Company expects to have outstanding commitments in respect of Social Impact Investments that may at times exceed the Company's assets. While the Portfolio Manager will monitor and manage cash flows and expected capital calls, the Company's ability to meet its commitments, when called, is dependent upon the Company having sufficient cash or liquid assets at the time, the sale of Liquid ESG Investments, the receipt of cash distributions in respect of Investments (the timing and amount of which can vary from the Portfolio Manager's expectations) and the availability of the Company's borrowing facilities, if any.

As a consequence of any failure to meet a demand for payment of any outstanding capital commitment of the Company to any Social Impact Investment of the Company, the Company may suffer a resultant dilution in its interest in that Impact Fund or other Social Impact Investment (since the Company's proportionate interest would likely fall in the event that other investors meet such demands for payment) and may be treated as a defaulting investor by that Impact Fund or other Social Impact Investment, which may result in penalty interest being charged on the missed payment(s) and, in certain circumstances, the forfeiture or compulsory sale of the Company's interest in that Social Impact Investment, which may impact the value of the Company's Investment. Any such action may impact the Company's ability to achieve its investment objective.

***Limited liquidity of Social Impact Investments and potential difficulty in realising investments***

The Company is expected to invest a significant proportion of its assets in investments that are not readily tradable, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of shares in the Company. Investments in Social Impact Investments



are, by their private nature and the nature of the underlying assets, often inherently illiquid. In addition, the market for Social Impact Investments is relatively limited and evolving, which may result in fewer buyers being in the market when the Company seeks to realise Social Impact Investments.

The Impact Funds in which the Company will invest are expected to be private funds and interests in Impact Funds will usually be subject to transfer restrictions and significant holding periods and tend not to have a liquid secondary market. A minority of Co-Investments and Direct Investments may comprise listed securities but the majority are expected to be unlisted securities and private contracts. Co-Investments may similarly be subject to transfer restrictions.

Investments, howsoever held, in property, private loans, charity bonds and social outcomes contracts will, by their nature, tend to be illiquid. Investments in regulated sectors such as social housing may be subject to restrictions on who may own and/or operate the relevant assets which may further limit liquidity in such investments.

Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to market changes or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.

Such investments may therefore be difficult to value and realise. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments estimated by the Company. There can therefore be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the valuation of that investment or that an investment will ultimately be realised for an amount exceeding the amount invested by the Company.

### ***The measurement of social impact can be variable and subjective***

The Social Impact Investments in which the Company will invest are intended to have a positive impact on people's lives in the UK and deep rooted societal problems. Such investments present a risk of not achieving the desired social impact outcome or even having unintended consequences on the UK's population. The Portfolio Manager will undertake due diligence to assess the risks that could reduce the social impact of investments or have unidentified indirect adverse consequences, such risk assessments to be conducted in accordance with the Impact Management Project's definition of impact risks, and will report to the Board accordingly. However, it cannot be guaranteed that all risks will be identified and mitigated. Unexpected circumstances could arise that could result in a Social Impact Investment, or an investment of an Impact Fund in which the Company has invested, generating less social impact than expected or having unidentified indirect adverse consequences.

The Company will provide Shareholders with an annual impact review in respect of the Company's Investments. However, there are challenges in measuring the social impact of an Investment. Data availability and standardised frameworks are still evolving in the impact investment sector. There are no universally accepted ratings of Social Impact Investments. Investors may be exposed to variable and subjective measurement of social impact. The Company's impact reporting will be based on the Board's and the Portfolio Manager's chosen approach to measuring impact which may not be aligned with a Shareholder's own impact criteria and reporting requirements.

### ***Third parties will have control over the Company's investments***

The Company will have no control over the management or investments of the Impact Funds and certain Co-Investments, save for those rights that it has as an investor conferred by its Investments and, as a result, the Company may not always be in a position to protect its participation effectively. The Company will generally hold minority interests in Impact Funds and so will have relatively little formal and informal influence over the features and operations of the Impact Funds and their third party managers, including their monitoring and management of underlying investments. Regarding Co-Investments, even if the Company has a majority or sole interest in a Co-Investment, the

Company may have little or no control over the management of the underlying investment in circumstances where a third party manager is appointed to manage the relevant assets on a discretionary basis.

It is possible that the investment, social impact, management, financing, operating and disposition policies of the Impact Funds and certain Co-Investments may be changed from time to time potentially without the requirement of a vote or other approval of the Company. Any such changes could be detrimental to the operations or value of the Company's Social Impact Investments and the Company.

The terms of Investments in Impact Funds and certain Co-Investments are subject to change and may be amended from time to time and the Company may have no, or limited, ability to influence any amendments even after it is admitted as an investor.

Although the Company should receive detailed information from Impact Funds and other Social Impact Investments regarding the performance and investment strategy of the Investments, in many cases the Portfolio Manager will have limited means of independently verifying this information. In addition, such information will be tailored to the definition of social impact that is adopted by the relevant third party managers, which may not conform to the Portfolio Manager's definition or key indicators in assessing social impact and reporting to Shareholders.

Subscribers for Shares will not be investors in the Investments, will have no direct interests in the Investments, and will have no standing or recourse against the Impact Funds, their investment managers or any of their affiliates. No direct or indirect offering of interests in the Investments is being made by the Company, the AIFM or the Portfolio Manager.

### ***Valuation risk***

The Company's Social Impact Investments will include interests that have no liquid market or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation. Whilst the valuations of the Company's investments will be in compliance with FRS 102 on the basis of fair value in accordance with the stated valuation policy of the Company, these investments are very difficult to value accurately. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties and will involve the Portfolio Manager, the AIFM and the Audit and Risk Committee exercising judgement.

All valuations made by or on behalf of the Company will be made, in part, on valuation information provided by the Portfolio Manager and/or third parties (including entities in which the Company may directly or indirectly invest). The Company, the AIFM and the Portfolio Manager may not be in a position to confirm the completeness, genuineness or accuracy of such information or data. In addition, such valuation information is typically provided on a periodic basis and generally is issued a number of months after its respective valuation dates. Consequently, each periodic NAV will contain information that may be out of date and that may need to be adjusted upwards or downwards on the basis of new information at a later date. Shareholders should bear in mind that the actual NAV(s) may be materially different from and may be lower than these periodic valuations and that the reported NAV of the Company are only required to be audited annually.

There can be no guarantee that the basis of calculation of the value of the Company's investments used in the valuation process will reflect the actual value achievable on realisation of those investments. This may lead to volatility in the valuation of the Company's portfolio and, as a result, volatility in the price of the Shares. The Company's Social Impact Investments may have bespoke investment features that are driven by the intended impact of the investments and which are difficult to value accurately.

### ***Concentration risk due to changes in the valuation of the Company's Investments***

Although the Portfolio Manager will regularly monitor the portfolio and may make adjustments from time to time consistent with the objective of spreading risk, the Company will not be required to

dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. Accordingly, the Company's exposure to certain assets or sectors may materially differ to the exposure at the time of commitment or investment.

***The Company's financial performance and prospects may be adversely affected by Covid-19, the long-term impact of which is currently unknown***

On 11 March 2020, the World Health Organisation announced that the outbreak of Covid-19 (commonly referred to as Coronavirus) had been declared a global pandemic. The long-term impacts of the outbreak are unknown and rapidly evolving. A widespread health crisis could adversely affect the UK and global economy, resulting in a substantial decline in financial markets. The future development of the outbreak is highly uncertain and there is no assurance that the outbreak will not have a material adverse impact on the future results of undertakings and funds that are directly or indirectly comprised within the Company's portfolio and on the Company itself. The extent of the impact will depend on the continued range of the virus, infection rates, the severity and mortality rates of the virus, the timing, availability and efficacy of one or more vaccines, the steps taken nationally and globally to prevent the spread of the virus as well as fiscal and monetary stimuli offered by the UK government and governments globally. Covid-19 may have a material and lasting effect on the market for and performance of investments in the UK social impact sector. Furthermore, uncertainties surrounding the impact of Covid-19 may have a material impact on the ability of the Company to accurately value its Investments.

***Acquisition of the Initial Portfolio***

Pursuant to the Acquisition Agreement the Company will acquire the Initial Portfolio at Initial Admission from the Portfolio Manager. There can be no guarantee that the Initial Portfolio will provide the Company with returns similar to the returns generated by those assets as part of the Portfolio Manager's proprietary portfolio, or at all.

The Company and the Portfolio Manager have managed a process with the underlying Impact Funds and Co-Investments such that the acquisition of the Initial Portfolio should not trigger any further obligation on the Company to obtain consent to such acquisition or follow any pre-emption process contained in the constitutional or other documents relating to such underlying assets. However, if that advice was challenged successfully in relation to any Investment comprised within the Initial Portfolio, any potential future gains the Company may have otherwise received from an increase in value and/or realisation of such investee company may be impacted.

In relation to the Company's due diligence on the Initial Portfolio, notwithstanding that the Company has taken reasonable steps to verify the accuracy of the information provided to it or the Portfolio Manager by the underlying Impact Funds and other investee undertakings that comprise the Initial Portfolio, there can be no assurance that such information, some of which has been included in this Prospectus, reveals or highlights accurately all relevant facts and circumstances that may be necessary or helpful in evaluating such Impact Fund and/or investee undertaking.

***Risks associated with the Portfolio Manager's approach to recovery and resolution***

The Portfolio Manager intends to give social impact and financial considerations equal weighting when managing the Company's investments, including in potential recovery and resolution situations. A particular priority of the Portfolio Manager is to ensure that beneficiaries of charities and social enterprises do not suddenly lose access to support or services. When considering how to address an investee that appears unable to fulfil its obligations under a Social Impact Investment made by the Company, the Portfolio Manager will seek to balance social impact and financial returns, in situations where recovery and resolution is appropriate, which may adversely affect the purely financial returns on the Company's investments.

### ***Cash management and delays in deployment of net proceeds***

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash or cash equivalent position instead of being fully or near fully invested, including for the purpose of seeking to satisfy expected capital calls on committed Investments and to manage the working capital requirements of the Company. In addition, the Portfolio Manager expects that the net proceeds received by the Company pursuant to the Issue will take time to deploy following Admission (and may not be deployed within the periods anticipated by the Portfolio Manager). The target returns of the Company set out in this Prospectus are on the basis of the Company's assets being fully invested, and during the period of cash deployment returns are expected to be lower than the targets stated.

This may affect opportunities to increase the Company's NAV. The Company's returns are reliant on the amount of capital invested in, and the performance of, the Company's portfolio of investments in accordance with its investment policy. There can be no guarantee that the Company will deploy its capital in the manner anticipated. Any delays in the speed of capital deployment and any material cash or cash equivalent holdings may have an adverse impact on the Company's financial position, results of operations and returns to Shareholders.

### ***Due diligence risk***

The due diligence process that the Portfolio Manager will undertake in connection with the Company's Investments may not reveal all facts and circumstances that may be relevant in connection with an investment.

When conducting due diligence, the Portfolio Manager will typically evaluate a number of issues in determining whether or not to proceed with an investment, including the investment thesis, taking into consideration the social issue it is trying to address, the business models that deliver positive impact, and the impact manager's investment strategy and its track record to determine its ability to execute on that strategy. Outside consultants and advisers may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company will be required to rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective, especially with respect to Social Impact Investments for which only limited information is available. Accordingly, there can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating such investment opportunity.

Any failure by the Portfolio Manager to identify relevant facts and circumstances through the due diligence process may lead to unsuccessful investment decisions, which could have a material adverse effect on the Company's financial position, social impact objectives, results of operations and returns for investors.

### ***No benchmark***

The Company does not propose to follow any benchmark, although the Company's target returns are set by reference to the CPI. Furthermore, the Company's objective is not solely to produce financial returns but also to deliver social impact. Accordingly, the portfolio of Investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Net Asset Value and/or the Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

## **C.(ii) Specific risks relating to the Company's investments – high impact housing**

### ***Valuation risk***

In addition to the general valuation risks identified above, it should be noted that property valuation is by its nature subjective and uncertain. The success of the Company depends significantly on the ability of not only the Portfolio Manager but the management of any property Impact Funds in which the Company invests to assess the values of the underlying properties, in respect of both the capital valuation and estimated potential rental income, at the time of acquisition, the time of disposal (in respect of the capital value) and during the period of ownership. The Company's high impact housing Investments may have bespoke investment features that are driven by the intended impact of the investments and which are difficult to value accurately.

The valuation of property and property-related assets is by its very nature subjective, in part because all property valuations are made on the basis of assumptions about the property and the market which may not prove to be accurate (particularly in periods of economic or political volatility and uncertainty or low transaction flow in the commercial real estate market), and in part because of the individual nature of each property. In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers (during what might be uncertain market conditions), title, condition of structure and services, deleterious materials, plant and machinery, goodwill, environmental matters, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be entirely wrong or inaccurate. Incorrect or inaccurate assumptions underlying the valuation reports could affect negatively the value of any property funds that the Company invests in and thereby have a material adverse effect on the Company's financial condition. This is particularly so in periods of volatility or uncertainty or when there is limited real estate transactional data against which property valuations can be benchmarked whether in absolute terms or for comparable situations.

There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

### ***Risks associated with changes in government policy and regulation***

Government policy and regulatory changes in the specific areas of housing may affect the returns of the Company's Social Impact Investments or opportunities to invest further in such asset classes, which may lead to delays in deploying cash and a negative effect on the Company's returns. The Company's direct and indirect housing Investments will often be exposed to a counterparty that is funded and/or operated by central or local government. As a consequence, the activities of those counterparties are particularly susceptible to changes in government policy and budgeting. This is particularly the case where the Company's returns are, in part, dependent on local authority housing allowances.

In particular, there is the risk that the current or future governments may take a different approach to the social housing regulatory regime which may result in changes to the law and regulation or the practices of the government with regard to that asset class. Any changes that have an adverse effect on the financial position of housing associations, including any restrictions on or withdrawal of subsidies and other funding, may have an adverse effect on the returns of the Company because certain Social Impact Investments rely on housing associations for their returns.

Any such changes in government policy and the regulatory environment more generally may have an adverse effect on the ability of the Company to pursue its investment policy, and may adversely affect the Company's investment returns.

### ***Conditions affecting the broader UK property market***

The Company's performance will be affected by, amongst other things, general conditions affecting the UK property market, whether as a whole or specific to the Company's investments in high impact

housing, including a decrease in capital values and weakening of rental yields, changes in the financial position of housing associations and changes in government policy and the regulatory environment relating to housing associations, on which certain Social Impact Investments rely for their returns.

The value of real estate in the UK can fluctuate sharply as a result of underlying trends, the availability of credit and changes in market confidence and, as regards high impact housing, changes in government policy and the regulatory environment. The Company's ability to dispose of its investments, and the price realised in any such investments, will depend on the many factors affecting the social and wider property market and the wider investment market at the time and over the course of the investment's lifespan.

The Company's business and results of operations may be materially adversely affected by a number of factors outside of its control, including but not limited to:

- (i) a general property market contraction;
- (ii) a decline in property rental values; and
- (iii) changes in laws and governmental regulations in relation to property, including those relating to social housing, permitted and planning usage, taxes and government charges, health and safety and environmental compliance.

Such changes in laws and regulations may lead to an increase in capital expenditure or running costs to ensure compliance, or a reduction in rental income, which may not be recoverable. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws.

If conditions affecting the investment market negatively impact on the price at which the Impact Funds in which the Company invests are able to dispose of its assets, or if the Impact Funds suffer a material increase in their operating costs, this may have a material adverse effect on the Company's business and results of operations.

### ***Development risks***

The Company's direct and indirect Investments in high impact housing may be at development stage. To the extent that the Company is exposed to property developments, it will be subject to the risks normally associated with property development. These risks include, without limitation, risks relating to the availability and timely receipt of planning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Company, such as weather or labour conditions or material shortages, and the risk of the withdrawal or delay to disbursement of government funding for such developments), general market and letting risk and the availability of both construction and permanent financing on favourable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Company and on the returns to Shareholders.

### ***Potential environmental liability***

An owner of property, including any Impact Fund in which the Company invests that has a focus on high impact housing, may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances or the failure to remediate contamination from such substances properly may adversely affect the owner's ability to sell the immovable property or to borrow using



such immovable property as security and adversely affect the returns and social impact realisable by the owner.

### **C.(iii) Specific risks relating to the Company's investments – debt for social enterprises**

#### ***Borrower default, loan non-performance and collateral risks***

The Company's Investments in debt for social enterprises are expected to give the Company direct and indirect exposure to trading organisations whose objectives are to achieve social and/or environmental benefit through a market-driven approach, often utilising a triple-bottom line of profits, social impact and environmental sustainability. The triple focus of such enterprises may result in their financial returns being low compared to other borrowers in the wider UK market and, as a result, the risks of borrower default and loan non-performance to which the Company will be subject may be greater than those facing a lender to purely commercial enterprises.

The success or otherwise of the Company's direct and indirect debt investments is dependent on borrowers fulfilling their payment obligations when they are due. Underlying borrowers to any debt instruments in which the Company invests may be unable to fulfil their obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans including through the insolvency of such borrowers. In addition, any economic downturn, material increase in loan-to-value ratios experienced by borrowers, or failure by them to comply with relevant laws and regulations, could adversely impact their ability to repay principal and interest on such loans and increase the incidence of defaults. Accordingly, the Company may be unable to recover all or any of its investment made in relation to its direct and indirect debt investments.

The Company's direct and indirect debt investments will not usually be secured. Where the Company is exposed to debt investments that are secured, the collateral and security arrangements in relation to such debt interests will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by a borrower under a loan. If the Company's direct or indirect investments do not benefit from the expected collateral or security arrangements this may adversely affect the Company's ability to receive amounts as are outstanding from a borrower in the event of default.

#### ***Valuation risk***

In addition to the general valuation risks identified above, debt for social enterprises investments may be difficult to value where the borrower undertaking is subject to, for example, a range of risk factors that are unusual in a purely commercial lending market. For example, borrowers may be susceptible to changes in government policy and regulation and, in addition, will usually have objectives of delivering social impact in addition to seeking financial returns. These factors may lead to an increased credit and default risk in respect of such borrowers, difficulty in valuing such investments, and therefore increased volatility in the value of such investments.

#### ***Risks associated with changes in government policy and regulation***

Government policy and regulatory changes in specific social issue areas may affect the financial viability of social enterprises that operate in those areas. A withdrawal of government financial support, changes to the conditions of such support or changes to the regulatory environment in which such social enterprises operate, for example, may result in an increased credit risk and default rate from such borrowers. The Company's direct and indirect borrowers may often be, or be exposed to, counterparties that are funded and/or operated by central or local government and, as a consequence, the activities of those counterparties are particularly susceptible to changes in government policy and budgeting.

Any such changes in government policy and the regulatory environment more generally may have an adverse effect on the ability of the Company to pursue its investment policy, and may adversely affect the Company's investment returns.



***Risks associated with borrowings and leverage***

The Company may borrow money in certain circumstances, which may be by way of bank borrowings, debt instruments or other methods of gearing. Within the Company's portfolio, Impact Funds and the underlying undertakings to which the Company is exposed may utilise borrowings or other forms of leverage for operational and/or investment purposes.

Borrowings can have the effect of enhancing the total return to Shareholders where the returns on the Company's direct or indirect portfolio exceeds the cost of borrowing, but they can have the opposite effect where such returns are lower than the cost of borrowings. As a result, the use of borrowings by the Company or within its portfolio could affect the ability of the Company to achieve its investment objective.

A fall in the value of the Company's portfolio may have the effect of increasing the borrowings of the Company measured against NAV, which may increase the Company's borrowings to levels that are inconsistent with the Company's borrowing policy or loan covenants and preclude further borrowings for working capital purposes or to satisfy capital calls on commitments made to Impact Funds. In such circumstances, the Company may be required to dispose of Investments in order to reduce borrowings. Such Investments may be difficult to realise and the realisation prices that are achievable may give rise to a loss of value to the Company versus the book value of the Investments.

***Credit risk***

Assets that are required to be held in custody will be held by the Depositary or its sub-custodians. Such assets may not be treated as segregated assets and may therefore not be segregated from any custodian's own assets in the event of the insolvency of a custodian. The Company may be subject to the creditworthiness of the Depositary and its sub-custodians.

Cash and cash equivalents may be held with approved counterparties. Such assets may not be segregated and may therefore not be segregated from the counterparties own assets in the event of the insolvency of the counterparty. When evaluating counterparties there can be no assurance that due diligence investigations with respect to the counterparty will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating the creditworthiness of the counterparty.

**C.(iii) Specific risks relating to the Company's investments – social outcomes contracts*****Valuation risk***

In addition to the general valuation risks identified above, it should be noted that social outcomes contracts are structured with payments that are dependent on social outcomes and so the valuation of such contracts is based on an assessment of non-financial factors. Assessing those factors and judging delivery against outcomes may involve making subjective judgements and the Portfolio Manager's judgements may not always align with those of the authority responsible for assessing satisfaction of the conditions for payment on a social outcomes contract. This may lead to difficulties in valuing investments in social outcomes contracts and, as a consequence, increased volatility in such valuations.

***Risks associated with changes in government policy and regulation***

Social outcomes contracts are structured with payments that are dependent on social outcomes. The viability of such contracts depends on continued support by the UK government for given social outcomes and in providing outcome funding or outcome top-up funding to encourage local authorities to commission social outcomes contracts, and any change in government policy in respect of social outcomes contracts may adversely affect the Company's ability to achieve its investment objective.

Any such changes in government policy and the regulatory environment more generally may have an adverse effect on the ability of the Company to pursue its investment policy, and may adversely affect the Company's investment returns.

#### ***Risks associated with the development of the market***

The market for social outcomes contracts is a less developed market than other social impact markets in which the Company invests, with fewer market participants and investment opportunities. The ability for the Company to continue to deploy capital in this sector will depend, in part, on the growth of the market and should the market not continue to develop, it may impact the Company's ability to deploy capital into social outcome contracts. While the Company's investment approach is typically to hold investments to maturity, there is a limited secondary market in social outcomes contracts, which may impact the ability of the Company, or the Impact Funds in which the Company invests, to dispose of social outcome contracts and/or the value that may be able to be achieved on the disposal of such holdings. There is also a limited track record that demonstrates how this assets class has performed over extended periods of time.

#### **D. Risks relating to the Shares**

##### ***The Company's shares may not trade in line with its NAV***

The value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market conditions and general investor sentiment. There can be no guarantee that any discount or premium control policy will be successful or capable of being implemented. The market value of a Share may vary considerably from its NAV.

The NAV per Share may not be an accurate guide to the value that a Shareholder may realise on a disposal of Shares. Shareholders may not be able to realise an investment in the Company at or close to NAV per Share.

##### ***It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares***

Admission should not be taken as implying that there will be a liquid market for the Shares. The market price of the Shares may not reflect their underlying NAV.

While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this Prospectus (and may in future be granted authority to repurchase other classes of shares), they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may have to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Shares will develop or that the Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at such NAV or at all.

The number of Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of such Shares. In particular, the Portfolio Manager will hold 25 per cent. of the issued Share capital on Initial Admission. Limited numbers and/or holders of such Shares may mean that there is limited liquidity in such Shares which may affect (i) an investor's ability to realise some or all of their investment and/or (ii) the price at which such investor can effect such realisation and/or (iii) the price at which such Shares trade in the secondary market.

***Dilution risk***

The Directors have been authorised to issue Shares immediately following Initial Admission pursuant to the Placing Programme or otherwise, until the first annual general meeting of the Company, without the application of pre-emption rights.

Any further issues of Shares may dilute the voting rights and economic interests of existing Shareholders in the Company.

**E. Risks relating to regulation and taxation*****Investment trust status***

It is the intention of the Directors to apply to HMRC for, and to conduct the affairs of the Company so as to satisfy the conditions for, approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. A failure to obtain or maintain HMRC approval as an investment trust, including as a result of a change in tax law or practice, could result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders. It is not possible to guarantee that the Company will be and will remain a company that is not a close company for UK tax purposes, which is a requirement to obtain and maintain its status as an investment trust, as the Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for approval as an investment trust, will, as soon as reasonably practicable, notify Shareholders of this fact.

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.

Changes in taxation legislation or practice, whether in the UK or elsewhere, could affect the value of the Company's portfolio, affect the Company's ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company (including rates of tax and availability of reliefs).

Investors should consult their tax advisers with respect to their own particular tax circumstances and the tax effects of an investment in the Company. Statements in this Prospectus concerning the taxation of investors or prospective investors in Shares are based upon current tax law and tax authority practice, each of which is, in principle, subject to change. The value of particular tax reliefs, if available, will depend on each Shareholder's particular circumstances. This Prospectus does not constitute tax advice and must not therefore be treated as a substitute for independent tax advice.

***Due diligence and reporting obligations***

The Company will be required to comply with certain due diligence and reporting requirements under the International Tax Compliance Regulations 2015, which were enacted to meet the United Kingdom's obligations under FATCA, the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. Shareholders may be required to provide information to the Company to enable the Company to satisfy its obligations under the regulations. Failure by the Company to comply with its obligations under the regulations may result in fines being imposed on the Company and, in such event, the target returns of the Company may be adversely affected.

***There is uncertainty associated with the UK's exit from the European Union ("Brexit")***

The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. The terms of the UK's future relationship with the European Union are currently uncertain. In particular, there is no certainty that the UK Government will be able to negotiate and agree a trade deal with the European Union before the expiry of the transition period provided for under the withdrawal

agreement, or at all, or what the terms of any such trade deal would be. Any continued political uncertainty in this respect could adversely affect the UK and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of Sterling. Furthermore, if a trade deal is agreed, it is possible that the terms of such deal could lead to greater restrictions on the free movement of services, goods, people and capital between the UK and the European Union than currently exist and increased regulatory complexities, which could affect economic and market conditions and the value of Sterling. In addition, the macroeconomic effect of Brexit on the value of investments in the UK and, by extension, the value of investments in the Portfolio is unknown. As such, as at the date of this Prospectus, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the European Union and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns to Shareholders.

Certain of the Portfolio Manager's proprietary funding activities constitute state aid for the purposes of Article 107(1) of the Treaty on the Functioning of the European Union. It is the intention of the Directors to ensure that the affairs of the Company are conducted in accordance with the current EU rules on state aid, to the extent relevant to the Company (although it is not currently expected that EU state aid rules are directly applicable to the Company). However, it is not possible to predict what rules on state aid may apply following Brexit.

***Changes in laws or regulations governing the Company's operations may adversely affect the Company's business***

The Company will be subject to laws and regulations enacted by national and local governments. In particular, the Company will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company must comply with the Listing Rules, the Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the AIFMD and the PRIIPs Regulation. In addition, the Company is subject to the continuing obligations imposed by the FCA on all investment companies whose shares are listed on the Official List and is subject to the admission and disclosure standards of the London Stock Exchange. A failure by the Company to comply with those obligations and standards may result in the Shares being suspended from listing.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment objective and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected.

# IMPORTANT NOTICES

## General

This Prospectus should be read in its entirety before making any application for Shares. Prospective investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the AIFM, the Portfolio Manager, Winterflood or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and MAR, neither the delivery of the Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors must not treat the contents of this Prospectus or any subsequent communications from the Company, the AIFM, the Portfolio Manager, Winterflood or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Winterflood by FSMA or the regulatory regime established thereunder, Winterflood makes no representations, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares or the Issue. Winterflood and its affiliates accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

In connection with the Issue, Winterflood and its affiliates acting as an investor for its or their own account(s), may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Issue or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by Winterflood and/or any of its affiliates acting as an investor for its or their own account(s). Neither Winterflood nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Prospectus in jurisdictions other than the United Kingdom, the Channel Islands and the Isle of Man may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The Company is not and does not intend to become an “investment company” within the meaning of the US Investment Company Act. Accordingly, the Company has not been, and will not be, registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. In addition, the Portfolio Manager has not been and will not be registered as an investment adviser under the US Investment Advisers Act and neither the Company nor investors will be entitled to the benefits of the US Investment Advisers Act.

This document must not be distributed into the United States or to US Persons. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, or any other securities commission or regulatory authority in the United States. None of the foregoing authorities have passed upon or endorsed the merits of the offering of the Shares or approved this Prospectus or confirmed the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment, or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of, or subscription for, Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of, or subscription for, Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for, Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

#### **Notice to prospective investors in the European Economic Area**

In relation to each Member State, no Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Member State, or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Regulation) in such Member State; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(1) of the Prospectus Regulation in a Member State and each person to whom any offer is made under any Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares.

Each Member State has adopted legislation implementing the AIFMD into national law. Under the AIFMD, marketing to any investor domiciled or with a registered office in the EEA will be restricted by such laws and no such marketing shall take place except as permitted by such laws. In addition to the UK, the AIFM has applied to the FCA for a marketing passport in respect of the Republic of



Ireland. No action has been taken in the EEA outside of these jurisdictions and the Company will only be marketed within the EEA to the extent it is lawful to do so.

#### **Notice to prospective investors in Guernsey**

Shares in the Company may only be offered or sold in or from within the Bailiwick of Guernsey, and this Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey, either:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended); or
- (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended), or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended).

Shares in the Company are not available to be offered or sold under this Prospectus in or from within the Bailiwick of Guernsey other than in accordance with paragraphs (i) and (ii) above and this Prospectus must not be relied upon by any person unless made or received in accordance with such paragraphs.

#### **Notice to prospective investors in Jersey**

Subject to certain exemptions (if applicable), the Company shall not raise money in Jersey by the issue anywhere of Shares, and the Prospectus relating to the Shares shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. No such consents have been obtained by the Company. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

#### **Notice to prospective investors in the Isle of Man**

The Issue is available, and is and may be made, in or from within the Isle of Man and this Prospectus is being provided in or from within the Isle of Man only:

- (i) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (ii) in accordance with any relevant exclusion contained within the Isle of Man Regulated Activities Order 2011 (as amended) or exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011 (as amended).

The Issue referred to in this Prospectus and this Prospectus are not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

#### **Intermediaries**

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who becomes a client of that Intermediary) located in the United Kingdom, the Channel Islands and the Isle of Man. The Company consents to the use of the Prospectus in connection with any subsequent resale or final placement of securities by the Intermediaries in the United Kingdom, the Channel Islands and the Isle of Man on the following terms in respect of Intermediaries who are appointed after the date of this Prospectus, a list of which will appear on the Company's website, from the date on which



they are appointed to participate in connection with any subsequent resale or final placement of securities and, in each case, until the closing of the period for the subsequent resale or final placement of securities by the Intermediaries at 11.00 a.m. on 15 December 2020, unless closed prior to that date.

The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use this Prospectus is given commences on 23 November 2020 and closes on 15 December 2020, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

**Any Intermediary that uses this Prospectus must state on its website that it uses the Prospectus in accordance with the Company's consent and the conditions attached thereto.** Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. **Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

The Company consents to the use of this Prospectus and accepts responsibility for the information contained in the Prospectus with respect to subsequent resale or final placement of securities by any financial intermediary given consent to use this Prospectus.

Any new information with respect to Intermediaries unknown at the time of approval of this Prospectus will be available on the Company's website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi).

#### **Distribution to retail investors**

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products. The Shares are expected to be excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under MiFID II. The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 are met in relation to the Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

#### **Eligibility for investment by UCITS or NURS**

The Company has been advised that the Shares should be "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Shares are to be admitted to trading on the main market of the London Stock Exchange; and (iii) the AIFM and the Portfolio Manager are authorised and regulated by the FCA and, as such, are subject to the rules of the FCA in the conduct of its investment business. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that fund, including a consideration of the factors relating to that UCITS or NURS itself, specified in the rules of the FCA.

#### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise,

which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares to be issued pursuant to the Issue are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Winterflood will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

### **Data protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (“**Data Protection Legislation**”); and (b) the Company’s privacy notice, a copy of which is available for review on the Company’s website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi) (and if applicable any other third party delegate’s privacy notice) (“**Privacy Notice**”).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) and in accordance with the Company’s Privacy Notice for the purposes set out therein including:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere or any third party functionary or agent appointed by the Company.

For the purposes set out above, it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom and the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in the United Kingdom and the EEA.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that such transfer is in accordance with Data Protection Legislation.

When the Company, or its permitted third parties, transfers personal information outside the United Kingdom and the EEA, it will ensure that the transfer is subject to appropriate safeguards in accordance with Data Protection Legislation.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

### **European Union Legislation**

In this Prospectus there are references to various pieces of European Union legislation, for instance the AIFMD. So far as such references relate to EU law applicable in the UK, during such period that EU law continues to apply to the UK by virtue of a transitional and implementation period ("**TIP**") entered into by the UK following its exit from the EU, references to EU legislation should be construed as references to that legislation as enacted by the EU. Upon the TIP coming to an end, such references to EU legislation should, where appropriate, be construed as references to that legislation as transposed into UK law by the European Union (Withdrawal) Act 2018 ("**EUWA**") and as further amended by secondary legislation made under EUWA.

### **Forward-looking statements**

This Prospectus contains forward-looking statements including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory

authority, including FSMA, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and MAR.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 9 of Part 12 of this Prospectus.

### **Presentation of financial information**

The Company is newly formed and as at the date of this Prospectus has not commenced operations and has no assets or liabilities other than the conditional rights and obligations set out in the material contracts summarised in paragraph 6 of Part 12 of this Prospectus. Accordingly, no statutory financial statements have been prepared as at the date of this Prospectus. All future financial information for the Company is intended to be prepared in accordance with UK Generally Accepted Accounting Practice, and in particular with FRS 102. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Issue.

# EXPECTED TIMETABLE

2020

## Initial Issue

Publication of this Prospectus and commencement of the Initial Placing, Offer for Subscription and the Intermediaries Offer	23 November
Latest time and date for applications under the Offer for Subscription	11.00 a.m. on 15 December
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Intermediaries Offer	11.00 a.m. on 15 December
Latest time and dates for commitments under the Initial Placing	2.00 p.m. on 16 December
Publication of results of the Initial Issue (through a Regulatory Information Service)	17 December
Completion of the Acquisition, Admission and dealings in Ordinary Shares commence	8.00 a.m. on 22 December
CREST accounts credited with uncertificated Ordinary Shares	22 December
Where applicable, definitive share certificates despatched by post in the week commencing*	28 December (or as soon as possible thereafter)
* Underlying applicants who apply to Intermediaries for Ordinary Shares under the Intermediaries Offer will not receive share certificates.	

## Subsequent Placings under the Placing Programme

Subsequent Placings under the Placing Programme	between 22 December 2020 and 22 November 2021
Announcement of the results of each Subsequent Placing	as soon as practicable following the closing of a Subsequent Placing
Admission and crediting of CREST accounts in respect of each Subsequent Placing	as soon as practicable following the allotment of Shares pursuant to a Subsequent Placing
Definitive share certificates in respect of the Shares issued pursuant to each Subsequent Placing despatched by post	approximately one week following the Admission of any Shares pursuant to a Subsequent Placing

Any changes to the expected timetable set out above will be notified by the Company through a Regulatory Information Service.

## ISSUE STATISTICS

### Initial Issue

Issue Price	100 pence per Share
Target number of issued Ordinary Shares upon Admission	100 million
Target Issue size	£100 million
Estimated Net Assets upon Admission (including the Initial Portfolio)*	£98.72 million
Target Gross Cash Proceeds*	£75 million
Estimated net cash proceeds of the Initial Issue following the Acquisition*	£60.16 million
Expected Net Asset Value per Ordinary Share on Admission*	98.72 pence

\* Assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue, including the Consideration Shares. The maximum number of Ordinary Shares available under the Initial Issue is 100 million, including the Consideration Shares. The number of Ordinary Shares issued and to be issued pursuant to the Initial Issue, and therefore the proceeds of the Initial Issue, is not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service prior to Admission. The Initial Issue will not proceed if the Minimum Issue Size is not achieved. If the Initial Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

### Subsequent Placings under the Placing Programme

Maximum number of Shares to be issued under the Placing Programme	100 million Ordinary Shares and/or C Shares
Placing Programme Price (Ordinary Shares)	not less than the last published NAV per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue
Placing Programme Price (C Shares)	100 pence

## DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BF781319
SEDOL	BF78131
TIDM	SBSI

The dealing codes for the C Shares will be as follows:

ISIN	GB00BF781202
SEDOL	BF78120

Legal Entity Identifier (LEI)	549300PG5MF2NY4ZRM86
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## DIRECTORS AND ADVISERS

<b>Directors</b>	<p>Susannah Nicklin (<i>Chair</i>)  Mike Balfour  James B. Broderick  Alice Chapple</p> <p><i>all independent and of the registered office below</i></p>
<b>Registered Office</b>	<p>1 London Wall Place  London EC2Y 5AU  United Kingdom</p>
<b>Company Secretary</b>	<p>Schroder Investment Management Limited  1 London Wall Place  London EC2Y 5AU  United Kingdom</p>
<b>AIFM and Administrator</b>	<p>Schroder Unit Trusts Limited  1 London Wall Place  London EC2Y 5AU  United Kingdom</p>
<b>Portfolio Manager</b>	<p>Big Society Capital Limited  New Fetter Place  8-10 New Fetter Lane  London EC4A 1AZ  United Kingdom</p>
<b>Sponsor, Financial Adviser and Placing Agent</b>	<p>Winterflood Securities Limited  The Atrium Building  Cannon Bridge House  25 Dowgate Hill  London EC4R 2GA  United Kingdom</p>
<b>Depository</b>	<p>HSBC Bank plc  8 Canada Square  London E14 5HQ  United Kingdom</p>
<b>Legal Adviser to the Company</b>	<p>Stephenson Harwood LLP  1 Finsbury Circus  London EC2M 7SH  United Kingdom</p>
<b>Legal Adviser to the Sponsor</b>	<p>Gowling WLG (UK) LLP  4 More London Riverside  London SE1 2AU  United Kingdom</p>
<b>Legal Adviser to the Portfolio Manager</b>	<p>Herbert Smith Freehills LLP  Exchange House  Primrose Street  London EC2A 2EG  United Kingdom</p>

<b>Reporting Accountants</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Registrar</b>	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA United Kingdom
<b>Receiving Agent</b>	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA United Kingdom

## PART 1

### DEFINING SOCIAL IMPACT INVESTMENT AND THE COMPANY'S INVESTMENT CASE

"Inequality today may have some political causes, but it is principally the consequences of our economic system... For more than 200 years, our existing version of capitalism drove prosperity and lifted billions out of poverty, but it no longer fulfils its promise to deliver widespread economic improvement and social progress. Its negative social and environmental consequences have become so great that we can no longer handle them."

**Sir Ronald Cohen, co-founder, Big Society Capital, May 2019**

- Despite decades of economic growth, the UK still struggles with many deep rooted "**social issues**", being problems within society that prevent individuals from achieving their full potential. The UK has the world's 5th largest economy, but 20 per cent. of the population is living in poverty and experiencing multiple deprivations<sup>2</sup>.
- "**Social impact**" is the improvement of the life outcomes of beneficiaries in a specific target group or groups. After years of investing in social impact, early pioneers such as Big Society Capital have identified models which are at a point where they require significant capital to scale. Big Society Capital is one of the UK's leading social impact investors, with a track-record in delivering sustainable financial returns and positive impact on people's lives in the UK.
- Big Society Capital adopts the Impact Management Project framework as the emerging global standard for managing and articulating social impact. The Company's investments are expected to be "**high impact**" within the meaning of that framework, on the basis that they are expected to sit within "Category C" of "Contribute to Solutions" Such investments are generally seen as higher impact than investments in "Category A" that "Avoid Harm" or "Category B" that "Benefit Stakeholders".
- Since 2012, Big Society Capital has sought to improve the lives of people in the UK by connecting social impact investment to social enterprises and charities. The UK social impact investment market has grown significantly since 2011, the year before Big Society Capital was established, with a compound annual growth rate of 25 per cent. Based on underlying market demand and current growth rates, Big Society Capital estimates that the investable high impact segment of the UK market will be approximately £10 to £15 billion by 2025.
- The Company has been established to capitalise on these opportunities and to increase flows of capital to high impact business models. The Company has appointed Schroder Unit Trusts Limited as its AIFM. Schroders is a global leader in sustainability and manages multiple investment trusts investing in a range of assets. The Company and Schroders have appointed Big Society Capital as delegated Portfolio Manager with responsibility for the investment of the Company's assets.
- An investment in the Company is intended to provide investors with exposure to a diversified portfolio of private market social impact investments delivering positive social impact in the UK as well as long term capital growth and income. This will be achieved primarily through investments in:
  - private market impact funds and separate accounts managed by third party asset managers ("**Impact Funds**");
  - co-investments made alongside Impact Funds or other impact investors (which may include the Portfolio Manager) ("**Co-Investments**"); and

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<sup>2</sup> United Nations: Human Rights Council, Visit to the United Kingdom of Great Britain and Northern Ireland, April 2019.

- direct investments in Social Impact Investments ("**Direct Investments**").
- The Company intends to demonstrate measurable positive outcomes through transparent reporting, aligned with the United Nations' action plan, adopted in 2015, comprising 17 goals aimed to eradicate poverty and hunger, fight inequality, tackle climate change and achieve sustainable development globally by 2030 (the "**UN Sustainable Development Goals**").
- The Company will invest across a range of asset classes with a focus on the three primary areas identified in the Company's investment policy:
  - **High Impact Housing** – affordable and social housing intended to alleviate the needs of the disadvantaged (for example, transition accommodation for people who were formerly homeless or fleeing domestic violence). The Company will seek to invest in Impact Funds targeting the more disadvantaged groups. These Impact Funds will typically invest in a range from long-term inflation-linked lease contracts with high quality counterparties including Registered Providers and charities, to shorter leases to address specific issues such as homelessness or the housing needs of survivors of domestic abuse;
  - **Debt for Social Enterprises** – providing debt finance to charities and social enterprises whose objectives are to achieve social and/or environmental benefit. The Company's debt portfolio is expected to include both secured and unsecured lending to charities and social enterprises including (i) asset backed secured loans to charities and social enterprises; (ii) mezzanine debt and equity, within the Company's investment restrictions, to charities and social enterprises; and (iii) bonds issued by charities or social enterprises ("**charity bonds**"); and
  - **Social Outcomes Contracts** – contracts between a public sector or government body and a delivery organisation whereby an external investor (such as the Company) provides upfront capital to the delivery organisation and is repaid by the income stream from the public sector body based upon social outcomes delivered rather than on a fee for service basis. Outcomes are judged, and payment levels measured, against expected outcomes without the intervention of the delivery organisation. Key characteristics of social outcomes contracts are (1) a clearly defined series of objectives and indicators by which to measure the performance of the delivery organisation, (2) the collection of data to assess the extent to which the delivery organisation is successfully implementing the objectives and indicators and (3) performance which leads to measurable social outcomes and thereby financial returns to investors.

The market for social impact investments in the UK is a rapidly evolving market and the Company will retain the flexibility to invest in other investments that have a positive social impact on people predominantly in the UK while providing a financial return to investors, subject to the investment restrictions set out in the Company's investment policy.

- The Company has agreed, conditional on Initial Admission, to acquire the Initial Portfolio of seven Social Impact Investments with an aggregate valuation of approximately £40 million on an invested basis, plus outstanding commitments such that the aggregate valuation on a total commitment basis is approximately £60 million. The Company has agreed to acquire the Initial Portfolio from Big Society Capital, who will be receiving the Consideration Shares and cash in the Acquisition such that BSC will become a significant Shareholder on Initial Admission. As a result of receiving the Consideration Shares, on Initial Admission Big Society Capital is expected to hold 25 per cent. of the voting share capital of the Company.

## PART 2

# INFORMATION ON THE COMPANY

### 1. Introduction

The Company is a newly established closed-ended investment company incorporated in England and Wales on 24 September 2020 with registered number 12902443. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Company's registered office is at 1 London Wall Place, London EC2Y 5AU, United Kingdom. The Company has been incorporated with an unlimited life.

An investment in the Company is intended to provide investors with exposure to a diversified portfolio of private market Social Impact Investments with a focus on delivering a positive social impact in the United Kingdom as well as long term capital growth and income. This is intended to be achieved through investments in Impact Funds, Co-Investments and Direct Investments.

The Company has an independent board of non-executive directors and has appointed Schroder Unit Trusts Limited as its alternative investment fund manager for the purposes of the AIFM Rules. The Company and the AIFM have appointed Big Society Capital Limited as the Company's Portfolio Manager, which will manage the investment portfolio of the Company as a delegate of the AIFM.

Information on the background to the social investment market is set out in Part 3 of this Prospectus. Further information on the impact proposition and investment opportunity offered by the Company is set out in Part 4 of this Prospectus. Further information on the Portfolio Manager, the investment process and the portfolio management team responsible for the Company's portfolio is set out in Part 5 of this Prospectus.

Applications will be made for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the Main Market of the London Stock Exchange. It is expected that Initial Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 22 December 2020. Ordinary Shares will be issued pursuant to the Initial Issue at the Issue Price of 100 pence per Ordinary Share.

The Initial Issue is described in Part 9 of this Prospectus. Ordinary Shares and/or C Shares may also be issued under the Placing Programme, as described in Part 10 of this Prospectus.

The Company has agreed, conditional on Initial Admission, to acquire seven assets (comprising interests in five Impact Funds and two Co-Investment debt portfolios) which, as at the date of this Prospectus, have an aggregate valuation of approximately £40 million on an invested basis, plus outstanding commitments such that the aggregate valuation on a total commitment basis is approximately £60 million (the "**Initial Portfolio**"). The Company has agreed to acquire the Initial Portfolio from Big Society Capital, who will be receiving the Consideration Shares and cash in the Acquisition such that BSC will become a significant Shareholder on Initial Admission. As a result of receiving the Consideration Shares, on Initial Admission Big Society Capital is expected to hold 25 per cent. of the voting share capital of the Company. Details of the Initial Portfolio and the terms of the Acquisition are set out in Part 6 of this Prospectus. Big Society Capital will retain an interest in most of the Social Impact Investments comprising the Initial Portfolio, further details of which are set out in paragraph 1.5 of Part 6 of this Prospectus.

Schroder & Co. Ltd has informed the Company of its intention to subscribe for Ordinary Shares in the Initial Placing on behalf of their clients representing £17.5 million or 17.5 per cent. of the Company's issued share capital on Initial Admission. The final subscription amount will be subject to final demand of the clients of Schroder & Co. Ltd and the final number of Ordinary Shares to be issued by the Company pursuant to the Initial Issue

Based on the size of the Initial Portfolio and the opportunities for investment that the Portfolio Manager has identified, it is anticipated that the net proceeds of the Initial Issue will be substantially committed within 12 months of Initial Admission and substantially invested within 18 months of Initial Admission. The Board, the AIFM and the Portfolio Manager anticipate continuing to find attractive opportunities for the Company to invest in, consistent with its objectives, and as such, hope to grow the Company through further issues of Shares and are targeting a portfolio size of £300-500 million within five years of Initial Admission.

## **2. Investment objective**

The Company's investment objective is to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of private market impact funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

The Company aims to provide a Net Asset Value total return of CPI plus 2 per cent. per annum (once the portfolio is fully invested and averaged over a rolling three- to five-year period, net of fees) with low correlation to traditional quoted markets while helping to address significant social issues in the UK.

## **3. Investment policy**

The Company will invest in a diversified portfolio of private market Impact Funds and Co-Investments alongside such funds or other impact investors (including the Portfolio Manager), which in turn support charities and social enterprises, with a focus on the United Kingdom. The Company may also make Direct Investments.

The Company will make Social Impact Investments that seek to deliver a positive social outcome together with a financial return, including but not limited to Investments in:

- **High Impact Housing** – Including property funds that either acquire or develop high quality affordable housing, from more specialist housing for vulnerable groups (for example, transition accommodation for people who were formerly homeless or fleeing domestic violence) to housing for low income renters currently living in poor quality or insecure accommodation.
- **Debt for Social Enterprises** – Including charity bonds, co-investments in portfolios of secured loans and mezzanine debt funds with some equity that invest in established social enterprises.
- **Social Outcomes Contracts** – Contracts between a public sector or government body and a delivery organisation whereby an external investor provides upfront capital to the delivery organisation and is repaid by the income stream from the public sector body based upon social outcomes delivered rather than on a fee for service basis.

The market for Social Impact Investments in the United Kingdom is a rapidly evolving market and the Company retains the flexibility to invest in Social Impact Investments other than those in the three categories set out above.

The Company will typically obtain exposure to Social Impact Investments through investing in Impact Funds and Co-Investments. The Company will usually make investments on a commitment basis, expected to be called over a period of time. The Company will generally hold minority interests in Impact Funds, but may hold majority interests where appropriate including, for example, where the Company may be a cornerstone investor alongside the Portfolio Manager. Co-Investments would be made alongside third party impact investors, including the Portfolio Manager. It is expected that the Company will invest in Impact Funds and Co-Investments alongside the Portfolio Manager, benefitting from the broad range of opportunities sourced by the Portfolio Manager. Direct Investments are not expected to comprise a material proportion of the Company's portfolio.



Impact Funds that invest in Debt for Social Enterprises assets may include some interests in both debt and equity interests. However, the Company will not normally have more than 10 per cent. of Net Assets, calculated at the time of commitment, exposed to equity interests via mixed debt and equity Impact Funds.

The portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, based on the performance, social impact and maturity of the Impact Funds, Co-Investments and Direct Investments.

### ***Investment restrictions***

The Company will manage its assets with the objective of spreading risk through the following investment restrictions that limit the Company's exposure to not more than:

- 60 per cent. of Net Assets in High Impact Housing;
- 60 per cent. of Net Assets in Debt for Social Enterprises;
- 40 per cent. of Net Assets in Social Outcomes Contracts;
- 30 per cent. of Net Assets in Social Impact Investments other than High Impact Housing, Debt for Social Enterprises and Social Outcomes Contracts;
- 10 per cent. of Net Assets to a single Investment, held directly or indirectly on a look-through basis;
- 20 per cent. of Net Assets to any one Impact Fund;
- 25 per cent. of Net Assets to Impact Funds managed or advised by the same investment management and advisory group; and
- 15 per cent. of Net Assets to non-UK Investments.

Each of the above restrictions will be calculated at the time of commitment and where the Company's exposure will be the aggregate of the value of the Company's Investments plus its outstanding commitments. Where the Company makes an Investment otherwise than on a commitment basis, the time of commitment will be the time of investment.

The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. However, the Portfolio Manager will regularly monitor the portfolio and may make adjustments from time to time consistent with the objective of spreading risk. Where the calculation of an investment restriction requires an analysis of underlying Investments held by an Impact Fund in which the Company is invested, such calculation will be based on the information reasonably available to the Portfolio Manager at the relevant time.

As a result of managing its assets and spreading investment risk in accordance with the above restrictions, the Company expects to have diversified exposure across its various counterparties and co-investors.

### ***Hedging and derivatives***

The Company will not employ derivatives of any kind for investment purposes.

Whilst the Company may use derivatives for currency hedging purposes, non-Sterling exposures are expected to be limited and, to the extent there are such exposures, the Company currently anticipates that these will not be hedged.

### ***Borrowing policy***

The Company may, from time to time, use borrowings for working capital and portfolio management purposes, including for the purpose of satisfying capital calls and the short term funding of investments. Borrowings will not exceed 20 per cent. of the Company's Net Assets, calculated at the time of borrowing.

### ***Cash and liquidity management***

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities. In order to efficiently allocate the Company's funds whilst it may otherwise hold significant levels of cash, the Company may also make short and medium term liquid investments, including in social bond funds, closed-ended listed funds and other liquid ESG investments, that the Portfolio Manager considers are consistent with the Company's liquidity requirements, investment policy, investment guidelines and risk profile while also meeting high ESG criteria ("**Liquid ESG Investments**"). The Company may invest up to 20 per cent. of Net Assets in Liquid ESG Investments, measured at the time of investment.

The Company will seek to ensure the Liquid ESG Investments target the Portfolio Manager's responsible investment policy, which is underpinned by nine core responsible business principles, including:

- 'Do No Harm' – To minimise negative impacts on target beneficiaries and communities, the environment, employees, and all stakeholders.
- 'Protect the Environment' – To promote and practice the efficient use of natural resources and protect the environment wherever possible.
- 'Inclusive Practices' – To promote equality, diversity and inclusion practices through good corporate governance and decision making, employment, organisational culture and values, and operational delivery.

When identifying key ESG risks, the Portfolio Manager aims to be proportionately compliant with its responsible investment policy, based on an assessment of the materiality of the ESG risks and best practice within the target industry.

The policy is integrated into the Portfolio Manager's investment approach. For example, material ESG risks that are identified will be reported to the SBSI Investment Committee when a recommendation paper is presented for decision.

There may be times when it is appropriate for the Company to have a significant cash or cash equivalent position instead of being fully or near fully invested, including for the purpose of seeking to satisfy expected capital calls on commitments to Impact Funds and to manage the working capital requirements of the Company.

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold. Cash and certain cash equivalents will be held with approved counterparties and in line with prudent cash management guidelines agreed between the Board, AIFM and Portfolio Manager.

### ***Changes to the investment policy***

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution. Non-material changes to the investment policy may be approved by the Board.

In the event of a breach of the investment policy set out above and the investment and gearing restrictions set out therein, the Portfolio Manager shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

#### **4. Target returns and distribution policy**

The Company aims to provide a Net Asset Value total return of CPI plus 2 per cent. per annum (once the portfolio is fully invested and averaged over a rolling three- to five-year period, net of fees).

The Company will pay out its income as required by applicable law but does not have any distribution targets. The Company intends to pay distributions on an annual basis.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

Whilst the Company's income is expected to vary over time depending on portfolio construction, to the extent an annual dividend is declared by the Board, it is anticipated to represent in the region of a 1-2 per cent. yield on Net Asset Value, once the portfolio is fully invested.

The Directors intend to apply the "streaming" regime in respect of qualifying interest income it receives from its investments. Under this regime, to the extent it has qualifying interest income for the relevant accounting period, the Company may designate dividends it pays to Shareholders as "interest distributions". Dividends that are designated as interest distributions will be treated for UK tax purposes as if they were payments of interest by the Company, and UK resident Shareholders receiving such distributions will be taxed accordingly. The Company is expected to pay both ordinary corporate dividends and dividends that are designated as interest distributions. Further details in relation to the streaming regime and the taxation of distributions are set out in Part 11 of this Prospectus.

Investors should note that the target return set out above is a target only and not a profit forecast and there can be no assurance that it will be met or that any capital growth or distributions, or any growth in distributions, will be achieved.

In addition, although the Company's target returns are set by reference to the CPI, an investment in the Company should not be considered to be a hedge against the risks of inflation on a portfolio. The Company expects to invest in some Social Impact Investments with inflation linkage, some with inflation correlation and some with no link to inflation. It is not anticipated that these assets will directly track CPI or any other measure of inflation.

#### **5. Capital calls**

The Company will invest in Impact Funds that will predominantly be funds structured as limited partnerships or similar vehicles, to which the Company is expected to make a commitment. A commitment is an agreement by the Company to invest a certain pre-agreed amount of capital in an Impact Fund (or similar Investment) as at some future point, such timing generally being at the discretion of the manager of the Impact Fund. Therefore, commitments by the Company may be drawn down, or called, from time to time and the Company will typically be required to have sufficient liquidity to meet such requests for capital (up to the maximum amount of such commitment) at that time. Co-Investments and Direct Investments may also be structured on a commitment basis. The Company will usually be contractually obliged to make such capital call payments and a failure to do so would usually result in the Company being treated as a defaulting investor by the relevant Impact Fund or, where applicable, under Co-Investment or Direct Investment documentation.

The Portfolio Manager will monitor and manage cash flows and expected capital calls on the Company's commitments. Such capital calls will usually be subject to standard notice periods and the Portfolio Manager expects to receive periodic forecasts of capital requirements from the managers of Impact Funds and relevant Co-Investments in the Company's portfolio. The Company will seek to satisfy capital calls on commitments through a combination of reserves of cash, the realisation of cash management investments and Liquid ESG Investments, anticipated future cash flows to the Company, the use of borrowings and, potentially, the further issue of Shares.

In addition, the Company's investment restrictions are measured at the time of a commitment being made in respect of a Social Impact Investment. It may be that a commitment is called at a time when the Company's exposure to that Social Impact Investment may be materially different to the exposure when initially measured at the time of commitment, which may lead to an increased concentration risk in respect of the Portfolio and/or an increased risk of having insufficient cash or liquid assets to meet the capital call.

## **6. Valuation**

The Net Asset Value of the Company and the Net Asset Value per Share will be calculated in Sterling by the AIFM, and approved by the Board, on a semi-annual basis as at 30 June (audited) and 31 December (unaudited) in each year. The first calculation will be as at 30 June 2021.

The NAV (and NAV per Share) will be determined on a fair value basis in accordance with FRS 102.

Investments in funds and the debt of individual charities and social enterprises that are not publicly traded, or are listed but do not have meaningful liquidity, are expected to comprise a material proportion of the Company's portfolio and will generally be valued in accordance with FRS 102, IPEV 2018 Valuation Guidelines or such other valuation standards or guidelines as the Portfolio Manager, the AIFM and the Board consider appropriate.

Investments in the Company's portfolio will be held at fair value. Judgements as to the estimations of fair value will be considered on an ongoing basis and formally every six months by the relevant committees within the Portfolio Manager, the AIFM and the Board, including considering the impact of events in the relevant market.

The Company, the AIFM and the Portfolio Manager will use a three-level hierarchy for fair value measurement in line with FRS, as follows:

- Level 1. The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2. Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3. Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

In determining the fair value of the investments using Level 3 valuation techniques, the Company will do so in accordance with the following principles, which are consistent with the 'International Private Equity and Venture (IPEV) Capital Valuation Guidelines' (2018 Edition).

- Where an investment has been made recently, or where there has been a subsequent, significant new investment into the Company and a more accurate valuation is not available and there is no evidence to suggest that the unadjusted price of recent investment is no longer relevant, the Company may apply the price of recent investment, for a limited period following the date of relevant transaction.
- Where it is considered that there has been a change to relevant milestones or benchmarks, then the Company will use the price of recent investment adjusted to reflect milestone/benchmark analysis.
- Where appropriate and reasonable earnings or revenue multiples are available for comparable businesses, the company will apply a multiples valuation technique to derive a value for the investment.
- If industry benchmarks can be applied to the investment to derive a fair value, they will be.

- If future cash flows can be reasonably estimated, and it is felt that the risks, due to the high level of subjectivity, involved in applying the discounted cash flow method do not render the method insufficiently reliable, this will be applied.
- Accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received.
- Where a regular net asset valuation is available for the investment, the Company will assess this for reasonableness and consider whether the investment can be valued on the basis of the underlying fair value of its assets, rather than its earnings. If this is considered appropriate, the Company will apply the adjusted net asset valuation method.

The Company may use a combination of the above methods, or other methods that are considered more appropriate to derive the fair value of its investments. The specific valuation techniques that are currently intended to be used for the Company's Social Impact Investments are set out below.

Asset class	Valuation methodology
High Impact Housing Funds*	Adjusted net asset value of the fund provided by the underlying manager
Debt for Social Enterprises: 1. Debt funds*  2. Charity bonds  3. Co-investments into direct loans	<p>1. Adjusted net asset value of the fund to be based on IPEV guidelines. Net asset value includes the underlying portfolio plus cash and other net assets of the fund, including accrued income, fees and expenses.**</p> <p>2. Held at book cost, less provisions, plus accrued but unpaid interest, less any fees accrued to the fund manager in line with the Company's investment and accounting policy.***</p> <p>3. Principal outstanding, less impairments plus accrued interest.</p>
Social Outcomes Contract (SOC) funds*	<p>Adjusted net asset value of the fund provided by the underlying manager. Net asset value is calculated using the following valuation principles:</p> <p>Each Investment will be held at cost until all investment has been drawn from the fund into the project and the outcomes payments are received for the first cohort of people in the programme. From then, the project cashflows will be discounted using a discounted cash flow methodology. The discount rate will be based on the risk of the investment. Any significant over- or underperformance will be reflected in the valuation being written up or down, respectively.</p>

\* Where the fund is unitised, the net asset value per share or unit is multiplied by the Company's holdings.

\*\* The Company will not normally have more than 10 per cent. of NAV, calculated at the time of commitment, exposed to equity interests via mixed debt and equity Impact Funds. These equity holdings are valued using appropriate techniques including EBITDA multiples.

\*\*\* Some listed Charity Bonds may have a quoted price from time to time. However, the market for the listed Charity Bonds to be held in the Company's portfolio is not active and as such quotes may not be reliable at the measurement date. The Company's investment and accounting policy is usually to hold investments to maturity and, as such, the quoted price is not usually an input to the valuation. When the intention is not to hold bonds to maturity and there is a recently quoted, reliable price in an active market, this quote will form an input into the valuation.

For net asset values supplied by the managers of underlying Impact Funds, the Portfolio Manager will use the annual audited financial statements as a basis for valuing the relevant Investments, taking into account updates to valuations set out in interim management accounts.

To get an up to date valuation, the latest net asset value figures provided to the Company will be adjusted for:

1. any subsequent material valuation changes in the interim period up to the Company's relevant valuation date;
2. any cashflows that have been called or distributed by the Social Impact Investment in the period between the latest valuation point of the Investment up to the Company's relevant valuation date; and
3. any additional valuation adjustments upwards/downwards as deemed appropriate by the Portfolio Manager, AIFM and/or the Board.

Where underlying Social Impact Investment valuations supplied to the Company have not been audited or verified by a third party valuer, the Company may choose to undertake a third party validation of the valuation (but it is not generally expected to do so).

The valuation policy and process set out in this section will be reviewed by the Company's Auditor on an annual basis. Following each financial year-end, the Board will consider and approve the audited valuations of Social Impact Investments held by the Company.

Any publicly traded securities held by the Company pursuant to its cash management policy or otherwise will be valued by reference to their bid price or last traded price, if applicable, on the relevant exchange. If applicable, the value of units in any open-ended collective investment vehicle or unit trust held by the Company pursuant to its cash management policy or otherwise shall be derived from the last prices published by the manager or administrator thereof.

Details of each semi-annual valuation will be announced by the Company through a Regulatory Information Service in line with the Company's financial reporting timetable summarised at paragraph 7 below.

The calculation of the NAV may be suspended in circumstances where the underlying data necessary to value the Investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the AIFM) which prevents the Company from making such calculations.

Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

## **7. Reports, accounts and meetings**

The Company will hold a meeting as its annual general meeting in each year, at which the Company's annual report and accounts for each financial year will be presented. The annual report and accounts of the Company will be made up to 30 June in each year with copies expected to be sent to Shareholders within the following four months. The first annual report will be prepared to 30 June 2021. The Company will also publish unaudited half-yearly reports to 31 December each year with copies expected to be sent to Shareholders within the following three months. The first unaudited half-yearly report will be prepared to 31 December 2021.

The Company's financial statements will be prepared in Sterling under FRS 102.

## **8. Impact reporting**

A key aim of the Company is to invest in solutions that address societal problems in the UK. The Company intends to demonstrate measurable positive outcomes through transparent reporting, aligned with the UN Sustainable Development Goals and the Impact Management Project's five dimensions of impact. The Company's aim is to demonstrate the impact on people that use the products and services created by organisations that receive investment via the Company.

The Portfolio Manager will prepare an annual impact review in respect of the Company to demonstrate the collective impact of the Company using data from across its investment portfolio. Its reporting approach will seek to align with global best practice and frameworks such as the UN



Sustainable Development Goals and the Impact Management Project. Aggregated metrics within each of the asset classes will be used to demonstrate, at a high level, the impact created in respect of each asset class (e.g. the number of homes built). Alongside this, a selection of case studies will be used to demonstrate the impact being created by individual charities and social enterprises in the Company's portfolio using the Impact Management Project's five dimensions of impact (being what outcome(s), who for, how much, the contribution that is additional to what would have occurred otherwise, and the risks of impact being different than expected). The annual impact review will be published on the Company's website with the first such review being prepared for the period from Initial Admission to 30 June 2022.

The Company will aim to encourage transparency and interaction and intends to create an interactive website that will enable investors to view where geographically in the UK their money is invested and what area of social need it is tackling in their locality. This will demonstrate which outcome areas, Sustainable Development Goals and beneficiary groups are being addressed by each investment.

The Portfolio Manager will also aim to combine data with regular impact stories that will bring the figures to life and convey how the Company, and Shareholders through their investment in the Company, have impacted people's lives.

## **9. Premium and discount management**

The Board has the discretion to seek to manage, on an ongoing basis, the premium or discount to their NAV at which the Shares may trade through further issues and buy-backs, as appropriate.

### **9.1 Discount control**

The Directors will consider repurchasing Shares in the market if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the Shares.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Initial Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and the date 18 months after the date on which the resolution was passed. Renewal of this buy-back authority and authority to buy back C Shares, to the extent that such Shares are in issue, are expected to be sought at each annual general meeting of the Company. Any purchase of Shares would be made only out of the available cash resources of the Company. Shares purchased by the Company may be held in treasury or cancelled.

The maximum price (exclusive of expenses) which may be paid for a Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of the applicable class of Shares for the five Business Days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5(6) of MAR. In addition, the Company will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing NAV per Share under the guidelines established from time to time by the Board.

Shareholders should note that the purchase of Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

## 9.2 **Premium management**

In the event that the Ordinary Shares trade at a premium to NAV, the Company may issue new Ordinary Shares.

The Company has Shareholder authority to issue up to 100 million Ordinary Shares and/or C Shares, on a non-pre-emptive basis, following Initial Admission, pursuant to the Placing Programme described in Part 10 of this Prospectus or otherwise. Such authority will expire at the conclusion of, and renewal of the authority may be sought at, the Company's first annual general meeting, which is expected to be held in late 2021.

Investors should note that the issuance of new Ordinary Shares and/or C Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares and/or C Shares that may be issued.

No Ordinary Shares will be issued at a price less than the last published Net Asset Value per Ordinary Share at the time of their issue, unless they are first offered pro-rata to existing Shareholders.

## 9.3 **Treasury shares**

Any Shares repurchased pursuant to a general authority referred to at paragraph 9.1 above may be held in treasury. The Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to re-issue Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

Unless authorised by Shareholders, no Shares will be sold from treasury at a price less than the NAV per Share at the time of the sale unless they are first offered pro-rata to existing Shareholders.

## 9.4 **Continuation resolution**

If in the two-year period ending on 31 December 2023, and in any two-year period following such date, the Ordinary Shares have traded, on average, at a discount in excess of 10 per cent. to Net Asset Value per Share, the Directors will propose an ordinary resolution at the Company's next annual general meeting that the Company continues its business as presently constituted (the "**Continuation Resolution**").

If the Continuation Resolution is not passed, the Directors will put forward proposals for the reconstruction or reorganisation of the Company, bearing in mind the liquidity of the Company's Investments, as soon as reasonably practicable following the date on which the Continuation Resolution is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company.

The discount prevailing on each business day will be determined by reference to the closing market price of Ordinary Shares on that day and the last published Net Asset Value per Share (adjusted for dividends).

## 10. **C Shares**

If there is sufficient demand from potential investors at any time following Initial Admission, and the majority of the Initial Issue Proceeds have been committed, the Company may seek to raise further funds through the issue of C Shares. C Shares may be issued pursuant to the Placing Programme described in Part 10 of this Prospectus. The issue of C Shares is designed to overcome the potential

disadvantages for both existing and new investors, which could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the C Shares would not convert into Ordinary Shares until at least 70 per cent. of the net proceeds of the C Share issue have been invested and 85 per cent. of the net proceeds of the C Share issue have been committed for investment (or, in each case, such other percentage as may be agreed between the Directors, the AIFM and the Portfolio Manager) in accordance with the Company's investment policy (or, if earlier, 24 months after the date of their issue);
- the assets representing the net proceeds of a C Share issue would be accounted for and managed as a distinct pool of assets until their conversion date. By accounting for the net proceeds of a C Share issue separately, Shareholders will not participate in a portfolio containing a substantial amount of uncommitted cash before the conversion date;
- the basis on which the C Shares would convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares would become entitled will reflect the relative net asset values per Share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the NAV per Ordinary Share can be expected to be unchanged by the issue and conversion of any C Shares; and
- the NAV of the Ordinary Shares would not be diluted by the expenses of the C Share issue, which would be borne by the C Share pool.

The Articles contain the C Share rights, full details of which are set out in paragraph 3.18 of Part 12 of this Prospectus.

The Directors have the authority to issue C Shares as set out in paragraph 9.2 above.

## **11. Disclosure obligations**

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) ("**DTR 5**") of the FCA Handbook apply to the Company on the basis that the Company is a "UK issuer", as such term is defined in DTR 5.

As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a UK issuer 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

## **12. The Takeover Code**

The Takeover Code applies to the Company.

Given the existence of the buyback powers described at paragraph 9.1 above, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by that person or shares held or acquired by persons acting in concert with the that person, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of

persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code where a person has acquired shares at a time when that person had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. The buyback powers should enable the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 3 of Rule 37. However, neither the Company, any of the Directors, the AIFM, nor the Portfolio Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

### **13. Taxation**

Potential investors are referred to Part 11 of this Prospectus for details of the taxation of the Company and of Shareholders resident for tax purposes in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

### **14. Risk factors**

The Company's business is dependent on many factors and potential investors should read the whole of this Prospectus and in particular the section entitled "Risk Factors" on pages 11 to 26

## PART 3

# BACKGROUND TO THE SOCIAL IMPACT INVESTMENT MARKET

### 1. The impact investment universe

According to the Global Impact Investing Network, the value of the global impact investing market is estimated at US\$715 billion<sup>3</sup>. The market is made up of a range of diverse investments, in both private and publicly listed markets across a range of asset classes.

The GIIN Annual Impact Investor Survey 2020<sup>4</sup> shows that impact investing has grown in depth of practice and in sophistication of issues that investors are already investing in and plan to address going forward. The survey highlights that there has been a market evolution over the past decade and a clear majority of respondents (69 per cent.) consider the impact investing market to be “growing steadily” with 21 per cent. describing the market as “about to take off”. More importantly, no respondents thought the impact investing market was in decline. When compared to a previous survey in 2011 asking a similar question, the majority of respondents (75 per cent.) thought the market was “in its very early stages”.

As the impact investment market has grown and developed, the Impact Management Project (IMP) has emerged as the forum for building global consensus on how to measure, manage and report impact.

The IMP has outlined three types of impact, as shown in Figure 1 below. Within these approaches it is “Category C”, “Contribute to Solutions”, that the Company will be focused on as these are opportunities that are characterised as having a “material effect on important positive outcomes for underserved people or planet”. Focusing on the approach “Contribute to Solutions” will distinguish the Company’s investment strategy from other ESG and impact funds which often focus on the approaches “Act to Avoid Harm” and “Benefit Stakeholders”.

Within this segment, the Portfolio Manager is a specialist and has expertise in making these investments. Because of the intended material effect on people, these investments are considered high impact. The Portfolio Manager also considers the positive impact delivered as a source of value. For example, positive impact that leads to significant Government savings reduces policy risks which are inherent in the investable opportunities for the Company.

**Figure 1:**

**Enterprises’ intentions relate to three types of impact: A, B or C**

*Illustrative example*



Source: Impact Management Project



<sup>3</sup> Source: Global Impact Investing Network.

<sup>4</sup> Source: GIIN Annual Impact Investor Survey 2020.

## 2. The UK social impact investment market

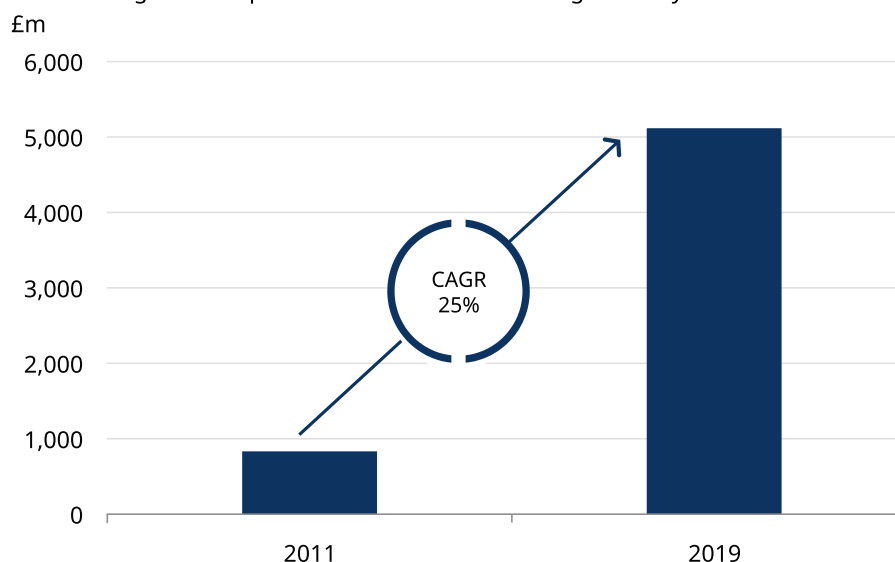
As shown in Figure 2 below, the UK social impact investment market has grown significantly since 2011, the year before BSC was established, with a compound annual growth rate of 25 per cent. Much of the growth came from secured lending, charity bonds and property investments.

If the current rate of growth in high impact investment continues, BSC estimates that the investable high impact segment of the UK market will be approximately £10 to £15 billion by 2025.

**Figure 2: Growth in social impact investment market (years 2011 to 2019)**

### Significant increase in market size

Outstanding social impact investments increased significantly since 2011



Source: Big Society Capital.

## 3. The need for a listed impact investment product

In 2019, environmental, social and governance-focused, impact/thematic and sustainable funds experienced inflows averaging £124 million per week, with 70 per cent. of these inflows going directly into actively managed funds, which, according to Morningstar data, represented a record year for flows into these products. This trend is creating a growing interest in impact investing in the UK investment market that may go beyond traditional ESG and also evidences a wider trend of growth in that sector more generally. Morningstar's data further shows that between 2014 and 2019, ESG inflows increased by nearly 2,500 per cent<sup>5</sup>.

The Portfolio Manager considers there to be a recognition in the market that social impact is better delivered through investing in private markets. However, access to private market impact investments often means having to access limited partnership fund structures and this is a genuine barrier for retail and private investors, as well as many UK wealth managers and financial advisers. There is also limited investment expertise in private market impact investing, with investors facing high minimum investment constraints, prohibitively long ramp up periods and concentration risk.

The Company is intended to provide a new and unique proposition, opening access, with a liquid vehicle, to private impact markets for wealth managers and advisors in the UK. The Board believes that the Company has the ability to work towards the democratisation of access to private market impact assets that will allow for measurable outcomes for society in the UK.

<sup>5</sup> Source: FTAdviser, 30 October 2019.

## PART 4

### THE COMPANY'S INVESTMENT PROPOSITION

#### 1. The impact proposition

Despite decades of economic growth, the UK still struggles with certain deep rooted social issues. Numerous impact-driven organisations have developed innovative solutions to tackle these social issues and are often best placed to do so. However, their demand, risk and return characteristics tend to be distinct from mainstream markets. This makes access to capital challenging which, in turn, inhibits their ability to scale impact.

After years of investing in social impact, early pioneers such as Big Society Capital have identified models that can generate a risk-return profile in line with market expectations. These models are at a point where they require significant capital to scale. The Company has been established to capitalise on these opportunities. The Company will seek to provide investors with exposure to a diversified portfolio of private market Social Impact Investments with a focus on delivering a positive social impact in the United Kingdom as well as long term capital growth and income. In short, the impact proposition of the Company is to increase flows of capital to proven, high impact business models.

The Company's proposition has been developed specifically to address common challenges faced by investors in accessing private market impact investments in the UK, namely:

- A lack of impact investment expertise and access to private impact investments.
- High minimum investment sizes.
- Concentration risk.
- Long ramp up periods.
- Liquidity challenges.

The Company has appointed Schroder Unit Trusts Limited as its AIFM. Schroders is a global leader in sustainability and a leading provider of investment trusts to the UK market. The Company and Schroders have appointed Big Society Capital as delegated Portfolio Manager with responsibility for the investment of the Company's assets. BSC is one of the UK's leading social impact investors, with a track-record in delivering sustainable financial returns and positive impact on people's lives in the UK. The partnership of Schroders and BSC, leveraging their respective experience, should provide the Company and its investors with expert impact investment knowledge, and the use of the investment trust structure will allow the product to provide a diversified and liquid exposure to private market impact investments in the UK.

The Company will target a Net Asset Value total return of CPI plus 2 per cent. per annum (once the portfolio is fully invested and averaged over a rolling three- to five-year period), net of fees, and is intended to provide a low correlation to traditional public markets. The Company intends to make investments that seek to provide measurable positive outcomes that are demonstrated through transparent reporting that is aligned with the UN Sustainable Development Goals and the Impact Management Project.

The Company expects to provide in-depth and transparent impact reporting through an annual impact review and an interactive website, demonstrating where the Company's assets are being invested in the UK by region, which will allow investors to engage with the investment approach and see how their investment is having an impact in their locality and elsewhere.



## **2. The Company's investment approach**

As set out in Part 2 of this Prospectus, the Company's investment objective is to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of private market impact funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

To seek to achieve this objective, the Company will invest across a range of asset classes with a focus on the three primary areas identified in the Company's investment policy:

- High Impact Housing;
- Debt for Social Enterprises; and
- Social Outcomes Contracts.

### ***High Impact Housing***

Social need: There is a chronic shortage of affordable and social housing in the UK. 92 per cent. of local authorities are not meeting their affordable housing needs, with 1.1 million people remaining on housing waiting lists. This has led to more than 320,000 people experiencing homelessness in the UK in 2019. The UK's housing crisis disproportionately affects disadvantaged families and those with additional care or support needs; in 2018-2019, 64 per cent. of the people referred to refuges for women experiencing domestic abuse were turned away.

It is estimated that new housing need in England is as high as 340,000 new homes per year until 2031 to fill a backlog of 3.91 million homes<sup>6</sup>. There is a significant backlog of existing need for suitable, affordable accommodation.

Investment solutions: Social impact property funds are created to acquire existing properties and/or to develop new properties to deliver affordable homes. These properties may include high-rise buildings. These homes are then used for a range of purposes, including transitional accommodation for people experiencing homelessness, specialised supported accommodation for people with long-term needs and affordable housing for the general population. Property funds have delivered proven and measurable social impact for individuals and communities and often create a significant cost saving to the UK government. For example, in 2009 the government undertook a review of the Supporting People programme (a ring-fenced grant to support vulnerable people to live independently). The review found that the net financial benefits of the programme were £3.4 billion per annum compared to £1.5 billion of overall annual investment. Such financial benefits can accrue in a number of ways, for instance many supported individuals have complex care needs which if unaddressed often result in increased use of NHS services<sup>7</sup>.

Product characteristics: Social impact property funds generate financial return through a combination of rental income and potential growth in both rental and asset values. Impact property fund investments are typically secured against assets and can include a range of lease structures with Registered Providers and charitable organisations, from shorter 5-year leases to longer-term leases of 20 years or more. Through impact property funds, housing associations can make use of social investment to access more flexible capital to build and acquire assets and the housing delivered contributes to national and local affordable housing targets. The underlying rental income streams are often supported by the government-backed (inflation-linked) housing benefit system, which has led to a lower correlation to mainstream markets and insulation from sharper price movements in the private housing market.

The Company's approach: The Company will seek to invest in Impact Funds that seek to address the housing needs of a wide spectrum of people, often those on the lowest incomes and the most vulnerable. The proposed allocation is a mix of acquisition/refurbishment and new-build

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6 Heriot Watt University.

7 IPPR North.

development, with a range from longer-term inflation-linked lease contracts with high quality counterparties including Registered Providers and charities, to shorter-term leases with smaller charity partners to address specific issues such as homelessness or the housing needs of survivors of domestic abuse.

### ***Debt for Social Enterprises***

Social needs: Shifts in public services and consumer behaviours create the need for new products, services and employment opportunities that may, alternatively, be delivered by impact-led social enterprises. These social enterprises need capital to grow and to satisfy their existing working capital requirements.

Investment solutions: The purpose of charity bonds and debt funds is to offer loans with interest to charities and social enterprises to allow them to expand activity and increase their social impact. Some of these loans are secured and others are unsecured, with such loans being taken up by social enterprises aiming to achieve a broad range of social outcomes in, for example, housing, employment, physical health and mental health services. Given charities' and social enterprises' specialist business models, finance is often not available from traditional providers.

Product characteristics: Charity bonds and debt funds provide investors with fixed income investment opportunities. Interest payments on these debt products are often backed by the delivery of government contracts, with a low correlation to the mainstream financial markets or to trading revenue generated by delivering products and services with social impact.

The Company's approach: The debt allocation in the Company's portfolio will include a diversified approach to lending to charities and social enterprises made up of:

- asset backed lending to social enterprises and charities;
- mezzanine debt to social enterprises and charities, including some equity; and
- charity bonds.

These debt opportunities provide a low volatility yield base to the portfolio, with some level of inflation linking. The underlying charities and social enterprises are expected to be delivering interventions often to the most disadvantaged or vulnerable members of society, in areas such as health and social care and some with government-linked revenues.

### ***Social Outcomes Contracts***

Social needs: Social outcomes contracts<sup>8</sup>, as public sector contracts, are designed to overcome challenges in the way that public services have traditionally been managed. When contracting with organisations to deliver public services, shifting payment away from prescribed inputs and towards achievement of desired outcomes can drive greater impact for people and better value for money for public funds, including through the ability to invest in prevention and early intervention. Social outcomes contracts bring in social impact investors who want to scale and improve existing, successful approaches or who want to test innovation in securing social outcomes, but who in return share upfront costs and bear the delivery risks of the contract.

Investment solutions: Social outcomes contracts are often structured in a way to use social impact investment to cover the upfront capital required for a provider to deliver a public sector service. The service aims to achieve measurable outcomes that are stipulated by the public sector commissioners of the contract and the investors are repaid only if these outcomes are achieved.

The UK is a global leader in the social outcomes contract market. Of approximately 200 social outcomes contracts issued globally, the UK has launched 80 amounting to approximately £200 million in contract value, which is the largest by number of any country. For comparison, the US has

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8 "Social Outcomes Contracts" is the emerging terminology for the product also referred to as 'social impact bonds'.

launched the next largest number of social outcomes contracts of 26. The UK has one of the largest social outcomes contracts in Europe, the Life Chances Fund-Kirklees Integrated Support Services, which sourced its working capital from Bridges Social Outcomes Fund II. The project is supporting people at risk of homelessness in Kirklees to live independent and fulfilling lives, in their own homes. Targeted outcomes include sustainment in accommodation, engagement with drug and alcohol services, and employment. The estimated contract size (based on all outcomes being achieved) is £21.3 million.

The UK government has a stated commitment to harnessing the power of social investment, alongside a drive for greater accountability and efficiency in public service delivery, with social outcomes contracts cited in the Barber Review as an example of how to achieve this.

Product characteristics: Investments in social outcomes contracts, either directly or through dedicated funds, provide investors with an opportunity to support the delivery of public sector contracts. Underlying cashflows are therefore based on contract payments from the public sector commissioners, as well as being subject to outcomes achieved over the lifetime of the contract. As a result, investment returns have low to zero correlation with financial markets and are directly linked to the success of securing specified social outcomes. These products have already delivered positive social outcomes across educational support, children's services, health and social care, housing and employment.

The Company's approach: The Company will invest in social outcomes contracts with the above aims and characteristics, seeking to deliver positive social outcomes across many areas including educational support, children's services, health and social care, housing and employment. As the market develops further, the Portfolio Manager will monitor and assess further areas in which the Company may seek to provide positive social impact through social outcomes contracts.

### ***Inflation-linking***

Some but not all of the Company's Social Impact Investments will be inflation-linked. Generally, the Portfolio Manager's approach will be to consider the Company's portfolio as being split into three categories:

- (i) **Inflation linked assets:** Expected to be principally index linked leases, with some potential community renewable energy investments also having inflation linkage from feed in tariffs;
- (ii) **Inflation correlated assets:** Assets where key value drivers are historically correlated to inflation, such as house prices, government contracts and floating rate debt; and
- (iii) **Assets with no inflation linkage:** Principally social outcomes contracts and fixed rate debt. Where possible the Portfolio Manager will be targeting lower duration investments in this category to enable reinvestment as inflation regimes shift.

### **3. Social need and investable solutions**

The Portfolio Manager believes that there is a significant requirement for private capital investment in the UK in the three areas identified above and that each area has considerable investment capacity. This capacity is expected to offer significant opportunities for the Portfolio Manager to deploy the Company's resources in a selective manner with an attractive balance of financial return and social impact.

The UK has the world's fifth largest economy, but 20 per cent. of the population is living in poverty and experiencing multiple deprivations<sup>9</sup>. A series of significant social issues have contributed to a landscape that requires additional support.

- More than 320,000 people are homeless in the UK.

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<sup>9</sup> United Nations: Human Rights Council, Visit to the United Kingdom of Great Britain and Northern Ireland, April 2019.

- 64 per cent. of women and children fleeing violence are turned away from refuges every year.
- 850,000 people suffer from dementia, a figure that is expected to rise to one million by 2025.
- One in ten households in England live in fuel poverty.
- Children in care are five times more likely to be convicted or have a youth caution.
- 15 million people suffer from long-term health conditions.

Much of the investment opportunity has arisen due to significant funding gaps in housing, social care, and support for the most disadvantaged.

The Portfolio Manager considers that there are emerging, high impact solutions to address the impact opportunity. Social Impact Investments can help to tackle a range of significant social challenges as shown in table 1 below.

**Table 1: How Social Impact Investments can target social needs**

	<i>High Impact Housing</i>	<i>Debt for Social Enterprises</i>	<i>Social Outcomes Contracts</i>
Social need	The UK housing crisis disproportionately affects disadvantaged families and those with additional care or support needs, often having a knock-on effect on many other aspects of people's lives.	A shift in public services and consumer behaviours create a need for new products, services and employment opportunities.	Vulnerable people struggle with tough issues that can be prevented before they escalate. This is particularly the case in criminal justice and for children's services, young people and people with long term health conditions.
Example Social Impact Investment solutions	<ul style="list-style-type: none"> <li>• Transitional accommodation for homeless households.</li> <li>• Affordable and social housing.</li> <li>• Supported living.</li> <li>• Social lettings agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Community health social enterprises.</li> <li>• Specialist care homes.</li> <li>• Employment social enterprises.</li> <li>• Community renewable energy projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Therapy for children on the edge of care to stay with their families.</li> <li>• Transition support for long term unemployed.</li> <li>• Wrap around intervention to reduce recidivism.</li> </ul>
Example social outcomes	<ul style="list-style-type: none"> <li>• Provision of genuinely affordable, appropriate housing.</li> <li>• Vulnerable groups living independently.</li> <li>• Strong and safe communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved access to quality health services.</li> <li>• Improved skills for long term employment.</li> <li>• Reduce fuel poverty.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved relationships with family.</li> <li>• Improved health and wellbeing.</li> <li>• Reduced likelihood of reoffending.</li> </ul>

#### **4. Competitive investment advantage**

The Board believes that the Company's investment proposition gives it a unique competitive advantage in the UK impact investment market, which is further enhanced by Big Society Capital's leading position in the sector.

The Company's key areas of competitive advantage include:

##### **Track record of investing capital in social enterprises**

Big Society Capital has managed £625 million in proprietary capital since 2012. It has made over 100 investments across a broad range of product types that include debt, equity, real assets and social outcomes contracts.

### ***Unparalleled reach to originate and source impact deals***

Since inception, Big Society Capital has reviewed over 400 potential investments and undertaken due diligence on over 200. Big Society Capital's reputation as a market leader attracts a range of inbound deal propositions that other impact investors may not be able to access. To maintain a high level of awareness of market dynamics and opportunities, Big Society Capital's investment and engagement teams have built, and continue to build, an extensive network in the public, private and social sectors. A proactive approach is also taken to seek out managers with a strong track record in a product set or partners with deep understanding of complex social issues. Big Society Capital then works with these managers or partners to co-develop new investment solutions that have a strong focus on social impact.

### ***Rigorous and tested investment approach***

Big Society Capital's investment processes are well established and tested across key stages, including origination, due diligence, approval and portfolio management. Its approach at each stage of the investment process is documented in a detailed investment manual.

Big Society Capital's investment process and approach leverages its unique proprietary knowledge and learning culture, intended to ensure that lessons learned from BSC's existing portfolio and the team's diverse experience are reflected in its analysis and recommendations. Data is collected from its portfolio of investments and is used to create positive feedback loops and generate lessons that are incorporated into a lessons database, which is then used, amongst other things, in the due diligence of prospective investments. Big Society Capital nominated individuals hold over 90 board and investment committee seats as members or observers across the portfolio investments, to seek to maximise the performance of the investment and share lessons learned. In addition to its investment committee, which provides formal approval to investments, healthy debate, challenge and feedback are also encouraged across investment and engagement teams throughout the investment process.

### ***Best-in-class impact management approach***

Big Society Capital's impact management process is designed to capture, manage and report the positive social impact delivered by its investments. Its due diligence and co-development processes focus heavily on understanding the investment proposal's theory of change, assessing the fund manager's impact motivations, exploring ways to improve the proposal's social impact and minimise its impact risks. Regular post-investment reviews and dialogues with fund managers are conducted to ensure investments are performing in line with their impact objectives. Quantitative and qualitative indicators are collected in a proportionate and appropriate manner to reflect the performance of each investment.

### ***Unique market development approach adding value to investments***

Market development is undertaken as part of Big Society Capital's broader activities to deliver its mission to improve the lives of people in the UK by connecting investment to charities and social enterprises that are creating change. Big Society Capital's market development work complements and adds value to its investment activities. Dedicated members of the engagement team are responsible for building and maintaining relationships with impact investors (from institutional investors to trusts and foundations), the social sector and policymakers. These relationships help to stimulate the supply of impact-led capital as well as improve understanding to stimulate demand for impact investment, develop partnerships to design new investment opportunities and lobby for policies that deliver market-level change.

### ***Experienced and diverse team that has achieved global recognition and influence***

Big Society Capital has developed an experienced team of investment professionals with a stable senior investment team with low turnover. It intentionally recruits from a diverse range of backgrounds and encourages members to exhibit entrepreneurial spirit and "tri-lingualism", the ability to communicate effectively across private, public and social sectors. Its members are

recognised and represented across numerous industry bodies globally and in the UK, including the following examples:

- chair of the Impact Investing Institute's Advisory Council;
- member of the steering group of the Social Impact Investor Group at the Association of Charitable Foundations;
- member of Global Impact Investing Network's Investor Council;
- member of Impact Management Project Advisory Group; and
- member of UK Sustainable Investment and Finance Association.

***Schroders' experience and competitive advantage in investment trusts and sustainability***

Schroders is a leading provider of listed closed-ended funds in the UK and has been a prominent participant in the investment trust market for over 70 years. The Company will benefit from being brought into Schroders' existing range of ten investment trusts that comprise £4.1 billion in gross assets under management. Schroders have significant experience in launching new investment trusts and its institutional risk management capabilities and infrastructure provide the stable and robust platform needed for the efficient management of investment trusts.

Schroders is a global leader in sustainable investment and has launched a number of funds in the public markets sector, including a range of quantitative ESG-focused funds, a Global Sustainable Growth strategy, a European Sustainable Equity strategy and most recently a European Sustainable Credit strategy.

All of these products are supported by a central team of 21 members that has consistently received the highest possible rating from the United Nations' Principles of Responsible Investment for its sustainable strategy and stewardship. On each individual asset class, Schroders are rated either A or A+ in respect of its ESG integration approach, which includes private assets.

The Schroders sustainable investment team has won a number of awards for its social impact measurement tool, SustainEx, which is used to quantify the positive contributions and negative impacts that companies have on society to allow fund managers and investors to manage those social risks and environmental impacts more effectively.

The Company sits across two of Schroders' key strategic capabilities of private assets and sustainability.

## PART 5

# THE PORTFOLIO MANAGER AND INVESTMENT PROCESS

### 1. Introduction

Big Society Capital's core mission statement is to improve the lives of people in the UK and provide itself and its clients with a sustainable return. Working with expert partners, Big Society Capital seeks to understand people's needs first. Then, using its knowledge and capital, Big Society Capital collaborates and invests with fund managers who also want to create a better, sustainable future.

The Portfolio Manager was established by Sir Ronald Cohen, co-founder of Apax Partners and chairman of the Global Steering Group for Impact Investment, and Nick O'Donohoe, CEO of CDC Group and vice chairman of the Global Steering Group for Impact Investment, to grow the social impact investment market in the UK. Since its inception in 2012, the Portfolio Manager has managed £625 million in proprietary capital (£425 million derived from dormant bank accounts, pursuant to the Dormant Accounts Act 2008, and the remainder from its minority shareholders being four UK high street banks: HSBC, Lloyds, Barclays and RBS), has reviewed over 400 potential investments, has undertaken due diligence on over 200 investments and has invested in over 100 Social Impact Investments. Together with more than 100 institutional investors, Big Society Capital has committed approximately £2 billion to Social Impact Investments (as at 30 June 2020).

The Portfolio Manager operates as a social investment wholesaler investing into intermediary organisations who in turn invest into companies, charities and social enterprises.

The Portfolio Manager is one of the leading social impact-led investors with an impact management approach that is integrated throughout the investment process, leveraging its unique proprietary knowledge and learning culture with an investment process that is well established and tested across key stages.

### 2. BSC's impact investment philosophy

Since 2012, Big Society Capital has sought to improve the lives of people in the UK by connecting social impact investment to social enterprises and charities. Whilst private sector involvement through social impact investment is not able to assist with all social needs, BSC's activity is driven by the belief that investment can play a significant role in helping to deliver solutions to some of the most deep rooted social challenges that communities face.

BSC first builds an understanding of the social issue and the sustainable enterprise solutions that can bring about change. It then designs and improves investment routes that can bring together the needs of enterprises and investors. BSC believes sustainable solutions can more readily attract capital and ultimately grow to have the biggest impact on people's lives.

A universe of sustainable business models exists in social enterprises and charities that are often misunderstood and underdeveloped. This provides an opportunity for specialist investors to generate sustainable returns, with low correlation to traditional quoted markets while generating significant social impact.

Big Society Capital's investment approach includes making investments in the three primary areas identified in the Company's investment policy, being High Impact Housing, Debt for Social Enterprises and Social Outcomes Contracts. The Portfolio Manager considers these areas to be well developed and suitable for investment by the Company, but there are many other areas in which social impact investors can seek to provide social impact along with investment returns and BSC focuses on a broad range of Social Impact Investments when deploying its proprietary capital.



### 3. Track record

The Portfolio Manager has a strong track record in investing capital in social enterprises and delivering social impact in respect of its proprietary portfolio.

Figure 3 below sets out historic returns generated by the Initial Portfolio and the enhanced pipeline described in Part 6 of this Prospectus. It does not represent the Portfolio Manager's entire investment portfolio which includes early stage "catalytic" risk in many of its investments and so overall returns may not be representative of the potential returns for the Company. It is anticipated the Company will be investing in more established models and managers from BSC's broader investment activities, such as those in the Initial Portfolio and enhanced pipeline. There can be no guarantee that the returns illustrated, or any, financial returns will be achieved in respect of the Company's portfolio.

**Figure 3: Financial track record from Big Society Capital's investments in the Initial Portfolio and enhanced pipeline<sup>10</sup>**

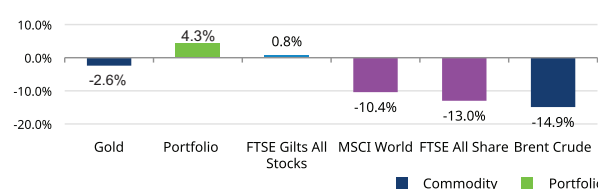
IRR against CPI +2% as at 30 June 2020

	Since inception (June 2013)	5 Year	3 Year	1 Year	6 months
Seed portfolio and enhanced pipeline	5.0%	5.3%	4.6%	5.9%	4.1%
CPI + 2%	3.4%	3.6%	3.7%	2.6%	1.1%

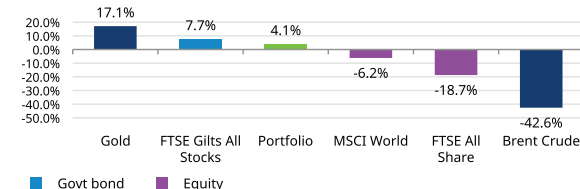
All figures are net of impact fund manager fees and fees paid by BSC to lenders. Figures do not incorporate BSC and Schroders' Management fees or Investment Trust fees. Figures are annualised apart from 6 month numbers. Please see Notes on performance track record of seed portfolio and enhanced pipeline for further details.

#### Differentiated performance during periods of market stress

##### Portfolio Performance in 2018



##### Portfolio Performance H1 2020



The investments in the sample are managed by Rathbones Investment Management Limited, Resonance Impact Investment Limited, Bridges Fund Management, CBRE Global Investors and Social and Sustainable Capital. The sample portfolio also includes direct loans made by The Charity Bank Limited.

The past performance shown must be considered as no more than an approximate representation of the portfolios' performance, not as indicative of how of the Schroders BSC Social Impact Trust would perform in the future. This data is provided to you for information purposes only as at 30th June 2020 and should not be relied on to predict possible future performance.

In debt for social enterprises, BSC's investments in holdings in the Initial Portfolio and enhanced pipeline represent £100 million of BSC commitments that have delivered a net IRR of 5.9 per cent. since 2015<sup>11</sup>.

In high impact property, BSC's investments in the Initial Portfolio represent £30 million of commitments that have delivered a net IRR of 4.5 per cent. since 2013<sup>12</sup>, with two of the three funds still early in their investment period.

In social outcomes contracts, the single fund in the Initial Portfolio is early in its investment period with all investments valued at cost, less fees at fund level. Big Society Capital has invested £20 million in 55 social outcomes contracts since 2012, both directly and via investments in funds. Of these, 17 individual social outcomes contracts investments have been exited to date with a net IRR of 5.4 per cent. since inception or the date of investment<sup>13</sup>.

### 4. Portfolio management team

Investors in the Company are expected to benefit from the Big Society Capital portfolio management team's years of experience and expertise across the public, private and social sectors. The Board

<sup>10</sup> The Initial Portfolio and enhanced pipeline assets were invested at different stages between 2013 to 2019. The Portfolio Manager first committed to Real Lettings Property Fund in 2013, SASC Renewables and Charity Bank Co-Investment Facility in 2015, Bridges Evergreen Holdings in 2016, Bridges Social Outcomes Fund II, Rathbones Charity Bond Fund, and the UK affordable housing fund in 2018, and Social and Sustainable Housing in 2019.

<sup>11</sup> Returns net of manager fees where Big Society Capital invested via a fund manager. The Company will not be acquiring the entirety of BSC's holdings in such assets and there can be no guarantee of the returns achievable in respect of the Initial Portfolio.

<sup>12-13</sup> Returns net of manager fees where Big Society Capital invested via a fund manager.

believes that the portfolio management team are well placed to manage the Company's portfolio with the intention of delivering sustainable financial returns and positive social impact on people's lives in the UK. Four of the senior investment professionals listed below have worked together at Big Society Capital for over seven years, building the current process, portfolio and approach. Stephen Muers has joined the team more recently in 2016 bringing extensive experience from senior roles in government.

**Jeremy Rogers – Chief Investment Officer**

Jeremy has over 20 years of experience in the investment and social sectors, with 12 years in impact investing. In the late 1990s Jeremy set up and ran JP Morgan's European High Yield Trading group, growing it over ten years to be the market leader and becoming JP Morgan's youngest Managing Director. He then became a partner at Praxient Capital, a multi-asset investment fund, before joining BSC as Chief Investment Officer in 2013. Since then BSC has helped establish over £2 billion of social impact investment vehicles supporting over 1,200 charities and social enterprises.

Jeremy has held multiple voluntary and non-executive roles at charities and social enterprises including the Princes Trust, Ashoka, Big Issue Invest and Pilotlight. Jeremy is a member of the Lankelly Chase Foundation's Investment Committee, Access – the Foundation for Social Investment's Joint Investment Committee and is a Senior Adviser to the Rockefeller Foundation Innovative Finance program.

**Anna Shiel – Head of Origination**

Anna was previously a director in Merrill Lynch's Financial Institutions Group where she advised UK banks and insurers on strategy, initial public offerings, and mergers and acquisitions before joining BSC in November 2012. Since then she has been involved in a range of BSC's investments and projects, with particular experience in social banks, social property funds and community investment. Anna leads BSC's work in homes, communities and place, exploring how social impact investment can be used to tackle the UK's housing crisis and build more inclusive and resilient local economies. Anna has over 20 years of investment experience and has been a member of the board of Charity Bank since 2014.

**Stephen Muers – Interim Chief Executive Officer**

Stephen joined BSC in 2016 as head of strategy and market development and became interim chief executive officer in May 2020. Before BSC he had spent 18 years in UK Government, including holding senior roles in the Cabinet Office, the Prime Minister's Strategy Unit, the Department for Energy and Climate Change, the Ministry of Justice and as non-executive director of an NHS Trust. He is currently a trustee and chair of the investment committee of the Friends Provident Foundation, in which capacity he chaired the 2020 "ESG Investing Olympics", and is a trustee of Fair Trials International. He is also a visiting policy fellow at the Institute for Policy Research, University of Bath and has published a book on public policy.

**Christine Chang – Deputy Chief Investment Officer**

Christine joined BSC in 2012, since then she has variously led BSC's work in health and social care, criminal justice and employment, managing team members across all stages of the investment process from origination, deal execution through to monitoring the portfolio. Christine is responsible for delivery of client investment products at BSC, which brings significant further investment into the social investment market, expanding the pool of capital available to improve people's lives. She is passionate about the delivery of social impact by charities and social enterprises, and sits on the boards of Thera Trust and Pact Futures CIC. Prior to BSC, she spent five years in mergers and acquisitions at Goldman Sachs in New York and London. She has over 16 years of investment experience.

**Keith Starling – Senior Portfolio Adviser**

Keith began his investment management career with roles at River & Mercantile Investment Management, Mercury Asset Management, British & Commonwealth Group and Deloitte Haskins & Sells. He was chief financial officer at Gartmore Group, and prior to that chief financial officer, Europe ex-Switzerland at Credit Suisse Asset Management, before joining BSC in 2012. Keith is the senior portfolio adviser at BSC, with over 30 years of experience in the investment management sector, whose role includes monitoring and managing the portfolio of investments and ensuring that intermediaries develop and grow in order to maximise their financial and social impact. Keith also chairs the BSC investment committee and the SBSI Investment Committee.

**Philipp Essl – Senior Social Impact Director**

Philipp joined Big Society Capital in 2019, where he focuses on social impact management across its investment process and portfolio. He has over 10 years of professional experience across different impact management roles and industries. Prior to Big Society Capital, Philipp worked at the multinational energy company, BG Group, where he led the group's social performance & human rights work for new country entry and early exploration projects, with a focus on South East Asia and Latin America. Philipp also lived several years in South East Asia, working with large development organisations (UN, Oxfam) and innovative start-ups on identifying and implementing opportunities for private sector-led economic growth and poverty reduction.

***The Schroders BSC Social Impact Trust ("SBSI") Investment Committee***

The Portfolio Manager has established an investment committee specifically for the purpose of considering Social Impact Investments proposed to be made by the Company.

This investment committee will agree new Social Impact Investments to be made by the Portfolio Manager on behalf of the Company as well as considering Liquid ESG Investments and investments relating to cash management activities. The committee will comprise members of BSC's wider investment committee and the portfolio management team, as well as representatives of the AIFM as non-voting participants.

**5. Investment process**

Big Society Capital has an investment process to select, diligence and manage private market assets delivering impact strategies. The process has been well tested by investing the proprietary capital of BSC since 2012. BSC utilises practices aligned with global best practice, and in many areas represents or aims to exceed industry best practice.

**5.1 Summary of Big Society Capital's investment process**

Big Society Capital begins by identifying and framing solutions to deep rooted social issues where investment could play a role, seeking to understand the available revenue models and their financial and social impact potential and risks. BSC also receives inbound proposals to address these social issues and, where investment products are not currently available, aims to design these proposals with suitable partners.

BSC then undertakes robust investment analysis to test a proposed investment's hypothesis for both financial returns and social impact. BSC leverages proprietary tools and tests to analyse the context of a proposal, the impact outcomes and financial drivers and their associated risks, including ESG-related risks, and to analyse the delivery risk by conducting due diligence on the operational and management aspects of the proposal. There is a strong learning culture at BSC that is reflected throughout the investment process to ensure that lessons learned from BSC's existing portfolio and the team's diverse experience are reflected in its analysis and recommendations.

In selecting investments, BSC analyses the revenue streams of the underlying investments. Government funding may be available to address significant social issues in the UK, but the

innovation or delivery to best tackle the issues lies in the charity and social enterprise sector. From a financial perspective these businesses have demand, risk and return characteristics that are distinct from mainstream financial markets given the government revenue streams.

When building the Company's portfolio, BSC aims to use the team's financial and impact understanding to produce an optimal, diversified portfolio to deliver the target financial and impact outcomes and to manage risk. It is anticipated the Company will invest in the more proven investment models and managers that have been developed within the existing BSC portfolio.

## 5.2 ***The phases of Big Society Capital's investment process***

The investment process of Big Society Capital can be split into nine phases.

Phase 1: Idea generation: Big Society Capital's work starts with building an understanding of the relevant social issue and the sustainable enterprise solutions that can bring about change. It then designs and improves investment routes that can bring together the needs of enterprises and investors. Big Society Capital believes sustainable solutions can attract the greatest capital and ultimately grow to have the biggest impact on people's lives.

Phase 2: Deal origination: Big Society Capital has significant reach in sourcing investments in the UK social impact investment market. Big Society Capital:

- has a strong reputation – A reputation as one of the leading dedicated social impact investors in the UK attracts in-bound deal propositions;
- supports existing managers to develop new proposals – Big Society Capital's active portfolio management approach supports impact fund managers to develop their capacity and design follow-on and new funds;
- actively seek out new managers – Big Society Capital seeks out managers with a track record in a product and works with them to develop new investment solutions that focus on social impact; and
- maximises the team's networks – Big Society Capital's extensive network allows an increased awareness of proposals in the market.

BSC's deal origination process is flexible and subject to periodic review.

Phase 3: Pre-due diligence: A substantial amount of fundamental research and origination activity will have already occurred within BSC at this stage. At this phase, therefore, an idea is formally tested against two layers of criteria: its fit with the investment and portfolio allocation objectives.

Phase 4: Due diligence: The due diligence phase represents a "search for truth", whereby the key elements of the pre-due diligence thesis are tested to determine if they are correct.

A range of proprietary tools are used throughout the process – including a management due diligence approach developed by Big Society Capital, Due Diligence Toolkits (across impact, ESG risks, financial and operational due diligence), model review templates and deal structuring guidelines. Expertise from the Engagement and Social Impact Teams within BSC are complemented by relevant external expertise from BSC's network of advisors.

Big Society Capital is able to learn from existing investments and apply lessons to new investments under consideration to improve decision making and management. This is supported by regular Investment Review team meetings to conduct "working group" appraisals of proposals at various stages of the investment process.

Phase 5: Investment approval: Any investment proposal must be approved by the Big Society Capital Investment Committee, the primary focus of the committee being an assessment that

the proposed investment is consistent with Big Society Capital's investment objective and mandate. The deal team completes an investment committee memorandum template to provide a summary of findings for the Big Society Capital Investment Committee decision. The objective of the template structure is to focus on clarity, testable theses, key performance indicators and risks.

Phase 6: Deal structuring and implementation: The findings from the due diligence process and team reviews are used to create transaction structures and documentation intended to mitigate the identified key risks while maintaining incentives for the investee.

During the documentation phase, the individual leading the deal will work with the investee to agree an implementation plan. For example, an "impact canvas" is developed and agreed, which is a tool that summarises the key impact objectives of the investment and the resulting key performance indicators that will be monitored over the life of the investment. The intention is to build a shared understanding of objectives between Big Society Capital and the investee to support effective portfolio management.

Phase 7: Portfolio management: BSC has developed and refined a robust portfolio management approach. BSC's ongoing portfolio management approach is based around two main activities:

1. Managing investment performance: Focusing on how investments are delivered against the original (or pivoted) investment hypothesis across the areas of impact on people and financial returns; and
2. Supporting Impact Fund manager development: Providing structured support where Impact Fund managers face common challenges; proactively identifying and acting to strengthen key areas of development for the Impact Fund managers in which BSC invests using BSC's proprietary Building Blocks framework; and holding quarterly meetings and portfolio review days with, as well as having the capability to respond to key issues as and when they arise among, the Impact Fund managers with which BSC has invested.

Phase 8: Performance monitoring and valuation: BSC's valuation committee and performance committee meet every three months in alternating quarters.

The purpose of the valuation committee is to establish financial valuations of investments.

The purpose of the performance committee is to compare the investment thesis in respect of an investment with its performance from both a financial and an impact perspective, and to identify any actions required and to identify what interventions are needed to get the investment back on track and what lessons can be drawn.

Phase 9: Exit: A report is run annually to identify all exits from investments that are due to take place in the following 24 months, to enable the relevant teams at BSC to determine what action, if any, should be taken. Upon an exit, the BSC team will reflect on observations and findings during the life of the investment and arising from any exit interviews that are conducted. BSC will prepare a report on any such issues, to be added to BSC's internal database of transaction findings.

### 5.3 ***Investment process for Company investments***

Big Society Capital expects to follow the nine-step investment process outlined above in respect of Social Impact Investments to be made for the Company's portfolio, save as modified below.

At Phase 1: Idea generation and Phase 2: Origination, the expectation is that most of the investments for the Company will be more established models and run by experienced

managers, in solutions that BSC has been developing with its existing investments in its proprietary portfolio.

At Phase 3: Pre-due diligence and Phase 4: Due diligence, the Big Society Capital deal team will consider whether any investment is suitable for the Company alongside the factors listed above.

At Phase 5: Investment approval, the SBSI Investment Committee will consider each proposal on the basis of a recommendation from the lead portfolio manager or their deputy, supported by a completed client investment committee memorandum ("**CIC Memo**"), which is similar to the memorandum provided to the Big Society Capital Investment Committee. The SBSI Investment Committee will consider whether investment proposals are consistent with the Company's investment policy, with a view to achieving its investment objective.

Any investment proposal approved by the SBSI Investment Committee will move to the next phase. Where the SBSI Investment Committee would require additional analysis to be presented beyond that contained within the CIC Memo, an amended CIC Memo will be re-tendered for approval by the SBSI Investment Committee.

At Phase 6: Deal structuring and implementation and Phase 7: Portfolio management, the Big Society Capital investment process will be followed in respect of the Company's Investments.

At Phase 8: Performance monitoring and valuation, the Big Society Capital valuation committee will establish the financial valuations of the portfolio for the purpose of the Company's valuation policy and process as set out in paragraph 6 of Part 2 of this Prospectus.

At Phase 9: Exit, Big Society Capital shall prepare an exit report for the consideration of the SBSI Investment Committee.

## PART 6

### THE INITIAL PORTFOLIO AND PIPELINE

#### 1. Initial Portfolio

Conditional upon Initial Admission, the Company has agreed to acquire the Initial Portfolio. On Initial Admission the Company will, by virtue of the Acquisition, have a portfolio of seven Investments with an aggregate valuation of approximately £40 million on an invested basis, or approximately £60 million on a total commitment basis, as at the date of this Prospectus.

##### 1.1 *Selection of the Initial Portfolio*

The Initial Portfolio will be acquired by the Company from the Portfolio Manager.

Each of the Investments comprised in the Initial Portfolio are existing, high conviction investments of the Portfolio Manager which the Portfolio Manager's pre-investment due-diligence and portfolio monitoring processes have consistently identified to have lower risk of not achieving financial and impact objectives relative to other assets in the proprietary portfolio of the Portfolio Manager.

For its proprietary portfolio, the Portfolio Manager has a broad market-building mandate for social impact investing in the UK which at times means taking greater risk by playing a "catalytic" or early stage role through seeding new funds and investing in new fund managers who are committed to the highest standards of impact integrity. Big Society Capital's mandate for its proprietary portfolio requires funds to predominantly flow to organisations that exist wholly or mainly for the benefit of society or the environment which: (i) are incorporated and based in the United Kingdom and will deliver their social purpose in the United Kingdom; (ii) have a social object and an asset lock (whereby it must use its assets for a specific social benefit) or similar restriction on the distribution of its assets; and (iii) are constituted as charities and other eligible social sector organisations, such as community interest companies and community benefit societies or other forms of organisation where there is a mission and asset lock in place ("**Eligible Social Sector Organisations**"). As Portfolio Manager of the Company, Big Society Capital understands that many investors seeking exposure to Social Impact Investments do not have the same risk appetite as BSC in respect of its own proprietary portfolio. The Company has been designed to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of Social Impact Investments.

Investors in the Company are expected to benefit from the Portfolio Manager's origination, investment and portfolio management expertise, including in the selection of the Initial Portfolio. Through its impact-embedded investment and portfolio management process, described in Part 5 of this Prospectus, it has evaluated its proprietary portfolio and selected funds and co-investments that, to date, are on track to deliver against the Company's financial and impact objectives.

BSC maps all its investments against their expected financial return and risk, with risk being the expected spread and shape of distribution of returns. This is based on comparable asset classes, capital structure (if relevant) and manager track records. The Social Impact Investments comprising the Initial Portfolio are selected from the risk adjusted return segments of the Portfolio Manager's proprietary portfolio considered most appropriate for investment by the Company, considering both their individual return and risk as well as contribution to a diversified portfolio.

The Initial Portfolio comprises the assets summarised at paragraph 1.4 below.



## 1.2 **Acquisition of the Initial Portfolio**

Each of the Investments comprising the Initial Portfolio is currently held by the Portfolio Manager as part of its proprietary portfolio. The Company has entered into the Acquisition Agreement by which the Company has agreed to acquire all of the interests comprising the Initial Portfolio from the Portfolio Manager.

The aggregate consideration for the acquisition of the Initial Portfolio is £39,542,187.23 (subject to any adjustment as described below), which is to be satisfied partly in cash on Initial Admission in an amount expected to be approximately £14.5 million<sup>14</sup> and partly by the issue of the Consideration Shares to the Portfolio Manager at the Issue Price. The Consideration Shares will represent 25 per cent. of the issued Share capital of the Company on Initial Admission. If the target of 100 million Ordinary Shares are issued pursuant to the Initial Issue then 25 million Consideration Shares will be issued to the Portfolio Manager. In the event that fewer Ordinary Shares are issued pursuant to the Initial Issue, the number of Consideration Shares issued will be scaled back such that the Portfolio Manager's holding of Ordinary Shares on Initial Admission will represent 25 per cent. of the issued Share capital of the Company. In those circumstances, the cash element of the consideration payable to the Portfolio Manager on completion of the Acquisition would increase, up to approximately £20.8 million based on the Minimum Gross Cash Proceeds of the Initial Issue (and subject to any adjustment as described below).

The consideration for the acquisition of the Initial Portfolio will be adjusted to reflect:

- (a) any further investments made by the Portfolio Manager to the Initial Portfolio assets, which are generally expected to be capital calls on committed funding and will be added to the consideration;
- (b) any further accrued interest in respect of the debt Co-Investments within the Initial Portfolio, which will be added to the consideration; and
- (c) any distributions made by the Initial Portfolio assets, which are generally expected to be distributions of profits by Impact Funds and payments of interest in respect of the debt Co-Investments and will be deducted from the consideration,

in each case between the date of this Prospectus and completion of the Acquisition. Any such adjustments will be made on a pound for pound basis.

The size of the Initial Portfolio holdings in 'Bridges Evergreen Holdings' and 'Bridges Social Outcome Fund II LP' will be reduced in accordance with the Acquisition Agreement to ensure that the Company, at Admission, is not in breach of its investment restriction that limits the Company's exposure to funds managed by a single manager or management group.

The acquisition of the Initial Portfolio holding in the 'Resonance Real Lettings Property Fund' will attract a stamp duty charge payable by the Company in an amount of approximately £250,000.

Completion of the Acquisition is conditional only upon Initial Admission. In the Acquisition Agreement, the Portfolio Manager has given certain warranties customary for a transaction of this nature.

The Consideration Shares will be subject to the terms of the Lock-In Agreement entered into by the Portfolio Manager, Winterflood and the Company, further details of which are set out in paragraph 6.8 of Part 12 of this Prospectus.

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<sup>14</sup> Assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue.

### 1.3 Valuation of the Initial Portfolio

The consideration for the Acquisition is equal to the aggregate of the agreed valuations for each of the Investments comprised in the Initial Portfolio. The breakdown of these valuations is shown at paragraph 1.4 below.

In determining the consideration for the Acquisition, the valuations of the five Impact Funds within the Initial Portfolio were agreed by reference to the valuations provided by the managers of those Impact Funds as at 30 September 2020 (save in respect of 'Bridges Evergreen Holdings' and 'Bridges Social Outcomes Fund II LP', which are as at 30 June 2020). The valuations of the two Co-Investment debt portfolios within the Initial Portfolio were agreed by reference to the valuations provided by the managers or arrangers of those debt portfolios as at 30 September 2020, on the basis of the principal amounts outstanding plus accrued but unpaid interest less any impairments (of which there were none). The valuation methodology used is also the same as has been adopted by the Company and is summarised at paragraph 6 of Part 2 of this Prospectus.

The valuation of the Initial Portfolio set out in this Part 6 has been independently reviewed by Duff & Phelps, LLC, who have issued an opinion addressed to the Company, the AIFM, the Portfolio Manager and Winterflood as at the date of this Prospectus.

The Duff & Phelps, LLC opinion is set out in this Prospectus at Part 7.

### 1.4 Summary of the Initial Portfolio

The Initial Portfolio comprises the following seven Investments.

**Table 2: Summary of the Initial Portfolio**

Investment name	Valuation*	Fund Commitments			Exposure**	Percentage of Estimated Assets of the Company on Admission		Percentage interest in the Investment
		Total	Drawn	Undrawn		Invested	Exposure**	
<b>High Impact Property: Impact Funds</b>								
UK Affordable Housing Fund	£3,396,415	£10,000,000	£3,500,000	£6,500,000	£9,896,415	3%	10%	4%
Resonance Real Lettings Property Fund	£5,858,845	£5,000,000	£5,000,000	£0	£5,858,845	6%	6%	8%
Social and Sustainable Housing LP	£1,540,530	£5,000,000	£1,683,369	£3,316,631	£4,857,161	2%	5%	9%
High Impact Property: Sub-total	£10,795,790	£20,000,000	£10,183,369	£9,816,631	£20,612,421	11%	21%	
<b>Debt for Social Enterprises: Co-Investments</b>								
Charity Bank Co-Investment Facility***	£3,602,793	£5,550,000	£3,599,550	£1,950,450	£5,553,243	4%	6%	13%
Rathbones Charity Bond Portfolio	£15,022,785	£15,000,000	N/A	N/A	£15,022,785	15%	15%	N/A
<b>Debt for Social Enterprises: Impact Funds</b>								
Bridges Evergreen Holdings	£7,203,446	£10,000,000	£6,769,191	£3,230,809	£10,434,255	7%	11%	20%
Debt for Social Enterprises: Sub-total	£25,829,024	£30,550,000	£10,368,740	£5,181,260	£31,010,284	26%	31%	
<b>Social Outcome Contracts: Impact Fund</b>								
Bridges Social Outcome Funds II LP	£2,917,374	£10,000,000	£3,320,150	£6,679,850	£9,597,224	3%	10%	29%
Social Outcome Contract: Sub-total	£2,917,374	£10,000,000	£3,320,150	£6,679,850	£9,597,224	3%	10%	
<b>Total</b>	<b>£39,542,187</b>	<b>£60,550,000</b>	<b>£23,872,259</b>	<b>£21,677,741</b>	<b>£61,219,929</b>	<b>40%</b>	<b>62%</b>	

\*Valuation as at the date of this Prospectus.

\*\*Exposure is the valuation of the asset plus outstanding commitments.

\*\*\*Undrawn commitments to the facility may be reduced by cancellations of undrawn commitments from the borrowers.

### 1.5 Further information on the Initial Portfolio

Further information on the Social Impact Investments comprising the Initial Portfolio is set out below.

#### High Impact Property

##### UK affordable housing fund

The UK affordable housing fund is an approximately £250 million<sup>15</sup> open-ended fund set up in 2018. Its objective is to deliver a positive social impact by contributing to the supply of sustainable and affordable homes for those unable to purchase or rent in the open market. A

<sup>15</sup> Equity raised at first close.

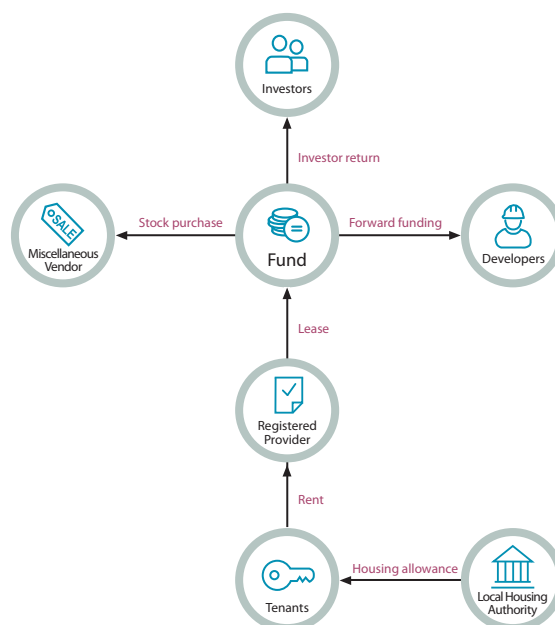
proprietary social impact framework, designed in partnership with external consultants, The Good Economy, is integrated into the investment process and investor reporting. Figure 4 sets out the operating structure of the fund.

The fund seeks to achieve this by providing equity financing for Registered Providers where the assets are owned by the fund and managed for the long-term by the Registered Provider. The fund also provides forward funding to develop housing assets and acquire developed properties, which are then leased to Registered Providers on a long-term basis typically between 10 to 25 years. The fund aims to invest in a range of tenure types, including affordable and social homes (50 per cent.), shared ownership (25 per cent.) and other tenures such as, temporary accommodation and private rented (25 per cent.).

The fund aims to produce a total return greater than 6 per cent. (with an annual target income distribution yield of 4 per cent. from income producing assets) net of all costs over the long term<sup>16</sup>. The fund seeks to generate financial return through a combination of income and gains from a combination of inflation-linked rental growth offered through the government's rent setting policy, capital uplift after the completion of developments and pricing benefit from purchase of assets in volume. The current investment policy allows the fund to gear up to 30 per cent. of its net asset value, however, the intention is to operate the fund on an ungeared basis.

The fund has a social impact objective to provide additional affordable housing to those unable to afford to rent or buy in their local areas. The portfolio, as at the end of June 2020, has invested in 694 homes with the potential to house an estimated 1,730 people with nearly two-thirds of assets in the most deprived local authorities and providing additional affordable housing.

**Figure 4: UK affordable housing fund**



#### *Resonance Real Lettings Property Fund*

The Real Lettings Property Fund is a £57 million fund developed by Resonance Impact Investment Limited, a social impact investment company, and the homelessness charity St Mungo's. The fund launched in 2013 and is structured as a limited partnership. It acquires and refurbishes "ordinary homes on ordinary streets" (mainly one and two bedroom flats) in Greater London and provides short term leases (five to seven years) to Real Lettings, the

<sup>16</sup> These are target returns only and not profit forecasts and there can be no assurance that they will be met. These are the stated targets of the underlying Impact Fund at the time of launch and may not reflect the Portfolio Manager's current assessment.

social lettings agency of St Mungo's. The financial returns of the fund are generated from rental income from housing eligible individuals that receive government-backed inflation-correlated local housing allowance, as well as from capital appreciation of property value. Real Lettings retains a fixed portion of the housing allowance to cover their costs, and they take primary void, management and operational maintenance risk, and the rest is paid to the fund. The fund does not use leverage. It is fully deployed and the fund terminates in 2024. The fund has a 3 per cent. target yield and 5 per cent. expected net IRR<sup>17</sup>.

It aims to provide homes for people in temporary accommodation or at risk of homelessness, helping them to become more independent, building a history of tenancy and enabling them to make positive developments in other areas of their lives. As at March 2020, 903 tenants were housed in 259 properties. The tenants are adults at risk of homelessness, with 65 per cent. being single parents with children, 26 per cent. couples with children and 9 per cent. single individuals. The Real Lettings team also provides personalised coaching and support for tenants to prepare them for a successful, planned move into independent accommodation. The fund has assisted tenants in moving towards employment, sustaining tenancies, and improving support networks.

Resonance Impact Investment Limited is a specialist social impact investment fund manager based in the UK with over £210 million of assets under management and an established expertise in the field of real estate focused fund management.

Following the Acquisition, the Portfolio Manager will retain an interest in the Real Lettings Property Fund and intends to continue to work with Resonance and support the fund.

#### *Social and Sustainable Housing LP*

Social and Sustainable Capital ("**SASC**") was founded in 2012 as a specialist social impact investment fund manager that aims to improve the well-being of individuals, families, groups and communities with a focus on people who are struggling with poverty, disability, illness, unemployment, economic hardship and social isolation. SASC has over £100 million of assets under management.

The purpose of the Social and Sustainable Housing ("**SASH**") fund (which has assets of £58 million as at 30 October 2020) is to address some of the barriers to owning property, or scaling property ownership, for high impact charities that work with vulnerable people. The model is an alternative to existing solutions such as leases and 70 per cent. loan-to-value mortgages. SASH is structured as a limited partnership and was launched in 2019. A SASH loan pays for 100 per cent. of the purchase price and transaction and refurbishment costs of a given home and the fund takes a first charge over the property. The borrower receives rent payments, and the net rental receipt is used to service the loan facility. Borrowers, of which there are currently ten, include Hull Women's Network, who provide support and dispersed accommodation for women escaping domestic violence and their children, helping them to rebuild their lives.

After a 10-year term, and all covenants in the loan facility being met, including voids being below a certain percentage, the borrower has the option to repay 85 per cent. of the market value of the portfolio<sup>18</sup> or surrender the property portfolio to SASC. This repayment is expected to be more than the amount initially borrowed. The remaining 15 per cent. discount is designed to support the borrower to fully refinance SASC's investment using conventional mortgage finance, with the balance of any deposit required being addressed over the ten year loan period. This mechanism means the fund participates in the capital appreciation of the

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17 These are target returns only and not profit forecasts and there can be no assurance that they will be met. These are the stated targets of the underlying Impact Fund at the time of launch and may not reflect the Portfolio Manager's current assessment.

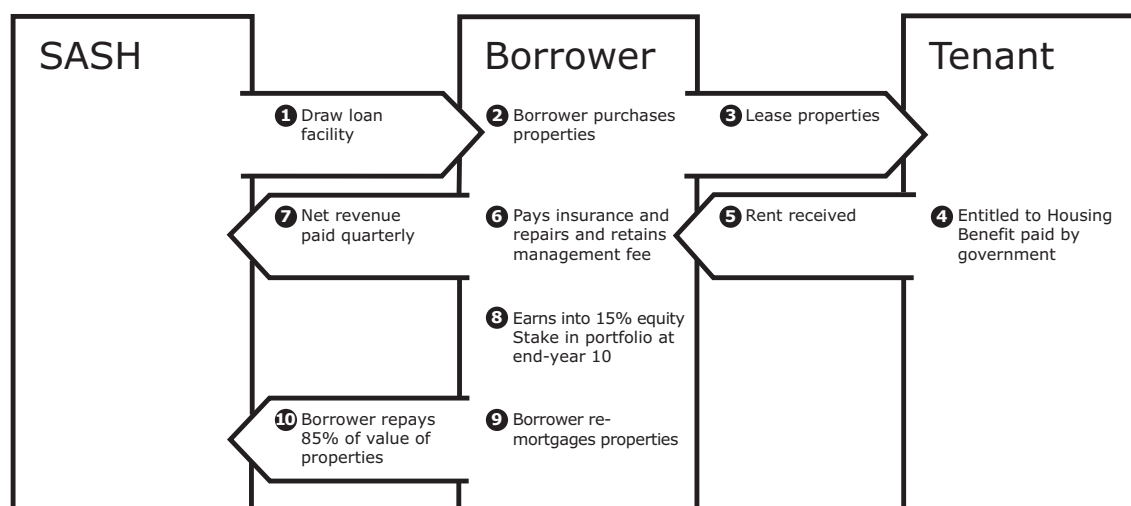
18 Subject to a minimum of 75 per cent. of the original loan.

properties over the life of the loan. The fund terminates in 2032. The fund targets a 6 per cent. net IRR<sup>19</sup>, of which 5 per cent. is expected to be paid as income over the life of the fund.

Investments seek to provide stable, safe, and quality homes to vulnerable people. This should in turn allow the provision of reliable services by the borrowers designed to improve mental and physical wellbeing and eliminate serious risks such as homelessness and the need for emergency care.

Following the Acquisition, the Portfolio Manager will retain an interest in SASH and intends to continue to work with SASC and support SASH.

**Figure 5: Social and Sustainable Housing LP**



## Debt for Social Enterprises

### *Rathbones Charity Bond Portfolio*

Rathbones is a wealth manager that manages more than £50.5 billion for its clients (as at 30 September 2020). It is a signatory to the United Nations backed Principles of Responsible Investment and in 1992 it established Rathbone Greenbank, through which it provides clients with investment management services that consider clients' environmental, social, and ethical concerns.

The Charity Bond Portfolio comprises discretionary accounts managed by Rathbones on behalf of BSC, first set up in 2014 to support larger charities in the UK seeking to raise significant amounts of capital via the public bond market, providing an alternative source of funding to bank finance. The UK charity bond market has grown significantly from £35 million in 2014 to over £300 million in 2019. The portfolio to be transferred from BSC to the Company supports different charities tackling the United Nations Sustainable Development Goals of health, work, infrastructure, inequality, cities, and partnerships. An example of one such holding is Thera Trust, which delivers programmes that support people with learning disabilities by helping them gain employment or enrol in accredited qualifications. In 2018-2019, 302 individuals with learning disabilities gained employment and 116 of them sustained their jobs for more than six months. The charity earns revenue for these services from local authorities, NHS, other organisations, and individuals.

The Rathbones Charity Bond portfolio includes positions in nine unsecured bonds (including both listed and unlisted bonds) to charities and social enterprises, with coupons ranging from

<sup>19</sup> These are target returns only and not profit forecasts and there can be no assurance that they will be met. These are the stated targets of the underlying Impact Fund at the time of launch and may not reflect the Portfolio Manager's current assessment.

3.9 per cent. to 5.5 per cent. with a weighted average of 4.55 per cent. The size of the positions ranges from £263,000 up to £2.48 million, with an average of £1.65 million. The earliest maturity date is in March 2024, with the latest in March 2030 and the average maturity date is June 2027. There have been no defaults in this portfolio.

Following the Acquisition, the Portfolio Manager will continue to work with Rathbones, who also manage a portfolio of charity bonds held in the name of the Portfolio Manager.

#### *Charity Bank Co-investment Facility*

Charity Bank is the loans and savings bank owned by and committed to supporting the social sector. Since 2002, Charity Bank has made more than 1,000 loans totalling over £300 million to housing, education, social care, community and other social purpose organisations. The Co-Investment Facility enables Charity Bank to expand its offering, as well as to offer larger loans, to social enterprises and charities. The portfolio to be transferred to the Company as part of the Initial Portfolio supports three different organisations. One such organisation is Sue Ryder, which has utilised the loan to build a new neurological centre. In 2020, Sue Ryder provided 2.2 million hours of expert and compassionate palliative, neurological and bereavement support and its Online Bereavement Community supported over 110,000 people. Their income is earned through a combination of statutory funding from the NHS and local authorities for end of life, neurological, and homecare services and donations from its supporters.

The portfolio of loans included in the Initial Portfolio comprises three direct secured floating rate loans to three charities with margins above Bank of England base rate ranging from 2.10 per cent. to 3.25 per cent., with a weighted average margin of 2.36 per cent. The size of the loans ranges from £1.0 million to £2.6 million, with an average of £1.85 million. The weighted average length of the loans is 17.1 years. The average maturity for the loans is 2036. The loan to value ratios, when fully drawn, range from 50 per cent. to 59 per cent., with an average loan to value ratio of 56 per cent. There have been no defaults in this portfolio.

The Portfolio Manager holds a 63.09 per cent. equity interest in Charity Bank (with voting rights capped at just under 50 per cent.), has a representative on its board of directors and has appointed another independent nominee to the board.

#### *Bridges Evergreen Holdings*

Bridges Fund Management ("**Bridges**") is a specialist private funds manager that invests exclusively in support of a transition to a more inclusive and sustainable economy. Based primarily in the UK, Bridges invests via four distinct strategies, all of which operate within the same four impact themes: Sustainable Planet, Healthier Lives, Future Skills and Stronger Communities. This model enables the team to develop strong macro insights, domain knowledge and contact networks within these themes, which can then be shared across the platform.

In 2016, Bridges launched Bridges Evergreen Holdings ("**Evergreen**"), a long-term capital vehicle that makes subordinated debt, quasi-equity and equity investments into mission-led businesses. Evergreen works in partnership with its investee organisations to help them scale over time, build their teams and embed impact, with the goal of delivering better outcomes for people and the planet. In doing so, Evergreen provides investors with access to a differentiated portfolio of high-impact, income-generating investments: the vehicle has a 4 per cent.-plus target dividend yield and an overall target return<sup>20</sup> of 9–10 per cent. on a net basis.

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<sup>20</sup> These are target returns only and not profit forecasts and there can be no assurance that they will be met. These are the stated targets of the underlying Impact Fund at the time of launch and may not reflect the Portfolio Manager's current assessment.

Evergreen has raised £50.8 million of committed capital to date, and is currently invested in three mission-led organisations:

- **New Reflexions** is a leading children's residential care provider based in Shropshire. It works specifically with young people with complex needs who are unable or unwilling to live within a family setting, providing placements that combine care, education, and therapy. Evergreen's investment is helping to support an acceleration in New Reflexions' organic growth, with a view to improving the lives of more vulnerable young people – enhancing their wellbeing, reducing their challenging behaviour and helping them achieve more positive educational and employment outcomes in the longer term.
- **AgilityEco** is a leading provider of fuel poverty, energy efficiency and low carbon services across the UK. The business is helping to tackle the pressing challenge of fuel poverty primarily via two Government-backed schemes. It helps energy providers meet their obligations under the ECO (Energy Company Obligation) scheme by arranging the installation of energy efficiency measures in domestic properties. And it works with over 150 Local Authorities to identify households eligible for the Warm Home Discount, through which it has designed a number of community-based programmes to promote energy efficiency and address fuel poverty.
- **The Ethical Housing Company ("EHC")** is a property company with a mission to boost the supply of decent affordable rented accommodation in Teesside. EHC was established in 2018 to purchase properties that can be let and managed by its partner The Ethical Lettings Agency CIC ("**TELA**"): accommodation is rented out to people in housing need, who are then supported to ensure they can sustain their tenancy. By building and sustaining a portfolio of well-maintained houses with stable tenancies, the TEHC and TELA partnership helps support vulnerable individuals and support local communities. With Evergreen's support, the goal is to build a best practice model for affordable and ethical private rented accommodation that can be replicated in other areas of the country where there is housing need.

Following the Acquisition, the Portfolio Manager will retain an interest in Evergreen and intends to continue to work with Bridges and support Evergreen.

### **Social Outcomes Contracts**

#### *Bridges Social Outcome Funds II LP*

The UK government spends approximately £80 billion a year commissioning vital social services from third-party providers. The vast majority of this is done on a 'fee for service' basis, where the provider is paid for a series of inputs. Social outcomes contracts aim to help the government achieve better life outcomes for vulnerable people and better value for public funds: they enable the government to commission vital services from expert social providers in key policy areas such as children services, homelessness, and health and social care – and only pay for successful outcomes delivered.

The Social Outcomes Fund II is a £35 million follow-on fund managed by Bridges Fund Management, a specialist investor that has supported over 50 projects via social outcomes contracts. The fund is 45 per cent. committed and provides working capital financing in the form of debt and equity to the mission-led partnership coordinators and delivery partners, who ultimately receive payments from the relevant commissioner (typically local or central government) when they achieve particular delivery milestones, at a pre-agreed price per outcome. This means that payment is completely aligned with measurable improvements in the lives of participants. The fund also provides the project management support necessary to ensure that outcomes are achieved. The fund, which terminates in 2030 and has a target IRR of 5-7 per cent., which represents a target money multiple of 1.2-1.3 times over twelve



years, net of all costs<sup>21</sup>, typically focuses on family therapy and children's services, education, homelessness support and health. Bridges' first fund is now fully committed: across its 17 investments, it has already positively impacted over 15,000 people while achieving over £33 million in social outcomes payments. Bridges' first fund targeted a net return IRR of 3 per cent. (a 1.1 times money multiple over ten years) and, to date, Bridges' completed social outcomes contracts investments have achieved a net IRR of 1.9 per cent.

Within its Children, Young People and Families practice, Social Outcomes Fund II has committed to support two Stronger Families outcomes contracts in Suffolk and Norfolk. These projects both aim to keep families together by repairing relationships, improving communication and helping parents to better support their children. In Suffolk, the programme has supported 64 young people aged 10 to 17 to live safely at homes with their families; while the Norfolk programme has supported 63 young people aged 8 to 15. Since the start of the Covid-19 lockdown, the delivery teams have switched quickly to virtual sessions, providing families with the necessary IT equipment (such as webcams) if required. In some cases, virtual delivery has enabled therapists to provide higher levels of support to families – while some young people have been more willing to open up remotely than they had been in person, resulting in stronger engagement.

Within its Education practice, the fund has made a commitment to West London Zone ("WLZ"), which is working with disadvantaged young people aged 3 to 18 across four London Boroughs to help them fulfil their potential and flourish into adulthood. West London is characterised by cultural diversity and high levels of inequality, with some of the poorest neighbourhoods in the country next to some of the richest. The area is home to about 66,000 children, around 20% of whom are at risk of negative outcomes in adulthood. WLZ is a registered charity that works with schools and families to identify children that are struggling – either academically or otherwise – and then connects them to local services that can help. It is aiming to work with about six hundred local children over a five-year period, helping to improve their wellbeing, learning and character. WLZ receives outcomes payments if young people on the programme improve their attendance and behaviour at school, achieve educational qualifications, and/or move on to further education or employment. Outcomes are co-funded by local schools, councils, central Government, the National Lottery Community Fund, and private philanthropists.

Within Bridges' Adult Services practice, the fund has made a commitment to the Pan-London Single Homelessness Prevention Service ("SHPS"), which is an expansion of a previous programme in Brent. This programme works with individuals who are either homeless or at risk of becoming homeless – but who are not vulnerable enough to meet the council's threshold to be housed. The service helps these individuals to either maintain their existing tenancy or find new, suitable accommodation. They do this in two ways: (i) prevention, where a beneficiary is at risk of being evicted or falling behind with their rent and need support to maintain the tenancy; and (ii) relief, where a beneficiary is not in stable accommodation and needs help to identify appropriate housing and sign a stable tenancy agreement.

Following the Acquisition, the Portfolio Manager will retain an interest in the Bridges Social Outcomes Fund II and intends to continue to work with Bridges and support the fund.

#### 1.6 ***Fees charged in respect of the Initial Portfolio***

In respect of the Social Impact Investments included in the Initial Portfolio, the managers or other agents generally charge management, advisory or other fees to the investors (which may vary over time or with the amount of assets under management or advisory mandates) and may in some cases be entitled to receive carried interest or a performance fee.

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21 These are target returns only and not profit forecasts and there can be no assurance that they will be met. These are the stated targets of the underlying Impact Fund at the time of launch and may not reflect the Portfolio Manager's current assessment.

Fund managers in High Impact Housing typically charge a management fee based on net asset value or invested capital, the management fees charged in respect of the Initial Portfolio assets range from 0.45 per cent. to 1 per cent. per annum. In Debt for Social Enterprises management fees range from 0.4 per cent. to 2 per cent. on net asset value per annum. The Charity Bank Co-Investment Facility charges no management fees but instead retains the arrangement fee associated with each loan. Social Outcomes Contracts generally require more intensive management compared to the other asset classes, and therefore management fees in respect of such investments tend to be commensurately higher. However, such fees tend to reduce over the life of the investment.

Once the proceeds of the Initial Issue are fully committed, the Company expects the fees charged to the Company in respect of its portfolio of Social Impact Investments (and excluding the fees payable to the AIFM and the Portfolio Manager) to be a blended rate of approximately one per cent. per annum, depending on the make-up of the portfolio.

## 2. Pipeline

The Portfolio Manager has identified a pipeline of potential Investments for the Company to make following Initial Admission with a combined value in excess of £100 million. In addition to acquiring the Initial Portfolio and subject to the due diligence and transaction management processes outlined in Part 5 above, the Company will seek to conclude a number of these investments in the months following Initial Admission.

Information on other examples of the Social Impact Investments currently under consideration by the Portfolio Manager for investment by the Company presented in table 3 below.

**Table 3: Indicative pipeline investments<sup>22</sup>**

## Strong pipeline across asset classes for future raises

Name	Asset type	Expected investment	Target yield*	Expected returns*	Investment focus	Example revenue sources	Example social outcomes
<b>Enhanced Pipeline</b>							
SASC Renewables	Debt for Social Enterprises	3-6m	5%	5%	Community-led renewable projects	Feed-in tariffs	Reductions in fuel poverty
<b>Pipeline</b>							
Example 1	High Impact Housing	2-4m	2%	5%	Housing for Women's Sector Charities	Housing Benefit	Secure housing for survivors of domestic abuse
Example 2	High Impact Housing	5-10m	4%	6%	Specialised housing and extra care	Social Care payments	Supporting the formerly homeless
Example 3	High Impact Housing	5-10m	6%	10%	Supported Housing for people with learning disabilities	Supported housing payments	Supporting independent living
Example 4	High Impact Housing	5-10m	3%	5%	Affordable housing and social infrastructure	Housing Benefit	Secure and affordable housing
Example 5	High Impact Housing	5-10m	4%	9%	Affordable housing including key workers	Housing Benefit	Secure and affordable housing
Example 6	Debt for Social Enterprises	3-4m	4%	4%	Capital to expand social bank lending	Gov't education payments	Educational outcomes
Example 7	Debt for Social Enterprises	3-5m	4%	4%	Co-investment into Charity Bonds	Social Care payments	Supporting people with dementia
Example 8	Debt for Social Enterprises	5-10m	4%	4%	Senior lending in to blended capital facilities	Social Care payments	Supporting people with long term health conditions
Example 9	Social Outcome Contracts	3-5m	1%	6%	Co-investment into larger social outcomes contracts	Gov't outcome payments	Access to long term employment

The pipeline information is indicative only and there can be no assurance that any of the Investments in the pipeline will be acquired by the Company or that any of the potential yields or returns will be achieved.

Based on the size of the Initial Portfolio and the opportunities for investment that the Portfolio Manager has identified, it is anticipated that the net proceeds of the Initial Issue will be substantially committed within 12 months of Initial Admission and substantially invested within 18 months of Initial Admission.

<sup>22</sup> The expected returns identified in this table have been calculated by the Portfolio Manager, are estimates only, are not profit forecasts and cannot be guaranteed.

***Enhanced pipeline***

In particular, the Portfolio Manager is in discussions with Social and Sustainable Capital, the manager of the Social and Sustainable Housing fund included within the Initial Portfolio, in respect of the potential acquisition of assets currently held by two debt funds that SASC also manages and have made loans to renewable energy assets. The loans enable communities to own and control predominantly solar photovoltaic assets, as well as some wind assets. Asset ownership allows communities to generate energy, which is exported to the grid, and reinvest the profits to benefit local people with a focus on funding for fuel poverty, financial inclusion and climate actions. The assets predominantly benefit from the Feed-in Tariff (FIT) Scheme, which is a government programme launched in 2010 designed to promote the uptake of renewable technologies. FIT assets benefit from generation tariffs that are payable for up to 20 years where payments are guaranteed by the government. The total loans outstanding to community owned renewable energy assets across the two funds equals £12 million. The Portfolio Manager holds a majority interest in each of the funds from which the Company may acquire these assets and, accordingly, any such acquisition will be subject to the enhanced approval process described in paragraph 5 of Part 8 of this Prospectus.

## PART 7

### VALUATION OPINION

DUFF & PHELPS

23 November 2020

#### Confidential

Schroder BSC Social Impact Trust plc  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

Big Society Capital Limited  
New Fetter Place  
8-10 New Fetter Lane  
London EC4A 1AZ  
United Kingdom

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2GA  
United Kingdom

#### Ladies and Gentlemen:

Big Society Capital Limited (the "**Portfolio Manager**"), Schroder Unit Trusts Limited, as AIFM ("**AIFM**", and together with the Portfolio Manager, the "**Manager Parties**") of Schroder BSC Social Impact Trust plc (the "**Company**"), and Winterflood Securities Limited ("**Winterflood**", and together with the Manager Parties and the Company, the "**Clients**") have engaged Duff & Phelps, LLC and Duff & Phelps Ltd (collectively, "**Duff & Phelps**") to serve as an independent financial advisor to the Clients specifically to provide an opinion (the "**Opinion**") as of the date hereof as to whether, pursuant to the Proposed Transaction (as defined below): (i) the Total Consideration (as defined below) to be received by the Portfolio Manager for the sale of investments in the Initial Portfolio (as defined below) is fair, from a financial point of view, to the Portfolio Manager; (ii) the Total Consideration (as defined below) to be paid by the Company to the Portfolio Manager for the purchase of the Initial Portfolio (as defined below) is fair, from a financial point of view, to the Company; and (iii) the Non-Cash Consideration (as defined below) received by the Company for the issuance of the consideration shares to the Portfolio Manager in accordance with section 593 of the Companies Act of 2006 is reasonable.

#### Description of the Proposed Transaction

It is Duff & Phelps' understanding that the proposed transaction involves the sale by the Portfolio Manager of seven assets comprising interests in five impact funds and two co-investment debt interests (the "**Initial Portfolio**") to the Company for consideration of approximately £39.5 million to be satisfied partly by cash consideration (the "**Cash Consideration**") and partly by the issue of shares, credited as fully paid, in the Company for a 25.0 per cent. stake (the "**Non-Cash**

**Consideration**", and together with the Cash Consideration, the "**Total Consideration**") (the "**Proposed Transaction**"). The Initial Portfolio includes interests in (i) Bridges Evergreen Holdings, (ii) Bridges Social Outcome Funds II LP, (iii) a UK affordable housing fund, (iv) certain loans under the Charity Bank Co-Investment Facility, (v) certain bonds within the Rathbones Charity Bond Portfolio, (vi) Resonance Real Lettings Property Fund and (vii) Social and Sustainable Capital LLP's Social and Sustainable Housing Fund.

The terms and conditions of the Proposed Transaction are more fully set out in the prospectus of the Company dated as of the date of this Opinion (the "**Prospectus**").

### Scope of Analysis

In connection with this Opinion, Duff & Phelps has made such reviews, analyses and inquiries as it has deemed necessary or which Duff & Phelps believed to be relevant and/or appropriate under the circumstances. Duff & Phelps also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation, in general, and with respect to similar transactions, in particular. Duff & Phelps' procedures, investigations, and financial analysis with respect to the preparation of this Opinion included, but were not limited to, the items summarized below:

1. Reviewed the following documents:
  - a. The Initial Portfolio's most recent historical audited and/or unaudited financials, including the statement of cash flows within the Initial Portfolio, quarterly/annual financial reports, fund pricing notifications, summary of investors, capitalization tables, property valuation reports (if applicable), and secondary transfer deeds (if applicable);
  - b. The Initial Portfolio's most recent social impact information, performance updates and financial information, including all projections related to the Initial Portfolio as provided by the Portfolio Manager, the "**Client Projections**";
  - c. The Portfolio Manager's most recent investment information, including prospectuses, application forms, acceptance letters, investment committee memos, subscription agreements, information memoranda, limited partner agreements, framework agreements, fund management agreements, operator agreements, private placement memorandums, bond prospectuses (if applicable), fund mandate letters (if applicable), and facility agreements (if applicable);
  - d. The Portfolio Manager's most recent investment models, including valuation models, and the valuation policies and processes adopted;
  - e. Other internal documents relating to the history, current operations, and overview of the Initial Portfolio; and
  - f. Documents related to the Proposed Transaction, including the Prospectus, Proposed Transaction structure and the draft sale and purchase agreement (the "**Agreement**"), and other documents related to the Proposed Transaction.
2. Discussed the information referred to above and the background and other elements of the Proposed Transaction with the Clients;
3. Reviewed publicly traded securities of certain other companies that Duff & Phelps deemed relevant;
4. Performed certain valuation and comparative analyses using generally accepted valuation and analytical techniques including a discounted cash flow analysis, an analysis of selected public companies that Duff & Phelps deemed relevant, and a cost approach that Duff & Phelps deemed relevant; and
5. Conducted such other analyses, studies and examinations and considered such other factors as Duff & Phelps deemed appropriate.

## **Assumptions, Qualifications and Limiting Conditions**

In performing its analyses and rendering this Opinion with respect to the Proposed Transaction, Duff & Phelps, with the Clients' consent:

1. Relied upon the accuracy, completeness, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources, including the Clients, and did not independently verify such information for its accuracy and completeness and Duff & Phelps assumes no liability therefor;
2. Relied upon the fact that the Prospectus has been verified as to its accuracy and completeness and that it does not contain any misleading statements or misstatements of material facts nor does it contain any material omission of any relevant fact or figure;
3. Relied upon the fact that the Clients have been advised by counsel as to all legal and regulatory matters with respect to the Proposed Transaction, including whether all procedures required by law or regulation to be taken in connection with the Proposed Transaction have been duly, validly and timely taken;
4. Assumed that any estimates (including, but not limited to, the Estimated Purchase Price (as that term is defined in the Agreement)), evaluations, forecasts and projections (including the Client Projections) furnished to Duff & Phelps were reasonably prepared and based upon the best currently available information and good faith judgement of the person furnishing the same, and Duff & Phelps expresses no opinion with respect to such estimates, evaluation, forecasts and projections (including the Client Projections) or the underlying assumptions on which they are based;
5. Assumed that information supplied (including by way of an online data sharing service) and representations made by the Clients, whether in writing (including by email) or in discussions with the Clients are, as at the date hereof, accurate in all material respects and does not contain any material omissions or material misstatements of facts regarding the Initial Portfolio and the Proposed Transaction;
6. Assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed, including the Agreement;
7. Assumed that there has been no material change in the assets, liabilities, financial condition, results of operations, business, or prospects of the Initial Portfolio since the date of the most recent financial statements and other information made available to Duff & Phelps, and that there is no information or facts that would make the information reviewed by Duff & Phelps incomplete or misleading;
8. Assumed (A) that all of the conditions required to implement the Proposed Transaction will be satisfied and that the Proposed Transaction will be completed in a timely manner in accordance with the Agreement without any amendments thereto or any modifications or waivers of any terms or conditions thereof, and (B) that the executed Agreement does not differ from the draft Agreement reviewed by Duff & Phelps. For the avoidance of doubt, save with respect to the fairness of the Total Consideration paid to the Portfolio Manager and the Total Consideration paid by the Company, in each case from a financial point of view, Duff & Phelps expresses no opinion on the fairness of any other term of the executed Agreement to any of the parties thereto;
9. Assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Proposed Transaction will be obtained without any material delay, limitation or restriction which would have any adverse effect on the Initial Portfolio or the Proposed Transaction;
10. Assumed that the transfers of interests in the Initial Portfolio (whether materialized or dematerialized) will be made and that such transfers of interests in the Initial Portfolio will be effective in all respects as between the Company and the Portfolio Manager pursuant to, and in accordance with, the Agreement; and

11. Noted (i) that the Non-Cash Consideration involves the issue of shares by the Company, credited as fully paid and (ii) certain interests to be purchased by the Company were subject to a reduction at the discretion of the Company in the manner provided for in the Agreement and, accordingly, resulted in an adjustment to the Purchase Price (as that term is defined in the Agreement) and such adjusted Purchase Price was notified to, and accepted by, the Portfolio Manager and Duff & Phelps had no role in advising any of the Parties as to whether such adjustments were fair and reasonable, that being the sole decision of the Portfolio Manager.

To the extent that any of the foregoing assumptions or any of the facts on which this Opinion is based are or prove to be untrue in any material respect, this Opinion cannot and should not be relied upon. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and Duff & Phelps does not assume any obligation to update, revise or reaffirm this Opinion. Furthermore, in Duff & Phelps' analysis and in connection with the preparation of this Opinion, Duff & Phelps has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Proposed Transaction.

Duff & Phelps has prepared this Opinion effective as of the date hereof. This Opinion is necessarily based upon market, economic, financial and other conditions as they exist and as can be evaluated as of the date hereof, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion which may come or be brought to the attention of Duff & Phelps after the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and, accordingly, we express no opinion or view as to any potential effects of such volatility or the events contributing to or which are or might be the cause of such volatility on the Initial Portfolio or the Proposed Transaction.

Duff & Phelps did not evaluate the Company's solvency under any laws relating to bankruptcy, insolvency or similar matters or conduct an independent appraisal or physical inspection of any specific assets or liabilities (contingent or otherwise). Duff & Phelps has not been requested to, and did not, (i) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the Proposed Transaction, the assets, businesses or operations of the Initial Portfolio, or any alternatives to the Proposed Transaction, or (ii) advise the Clients or any other party with respect to alternatives to the Proposed Transaction.

Duff & Phelps is not expressing any opinion as to the market price or value of the Company's common stock (or anything else) after the announcement or the consummation of the Proposed Transaction. This Opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of any of the Company's credit worthiness, as tax advice, or as accounting advice. Duff & Phelps has not made, and assumes no responsibility to make, any representation, or render any opinion, as to any legal matter. Accordingly, Duff & Phelps has assumed the accuracy and completeness of assessments by the Clients and their advisors with respect to legal, regulatory, accounting and tax matters.

In rendering this Opinion, Duff & Phelps is not expressing any opinion with respect to the amount of or nature of any compensation to any of the Clients' officers, directors, or employees, or any class of such persons, or with respect to the fairness of any such compensation.

This Opinion is furnished solely for the use and benefit of the Clients in connection with their consideration of the Proposed Transaction and is not intended to, and does not, confer any rights or remedies upon any other person (including creditors of the Initial Portfolio or any of the Clients), and is not intended to be used, and may not be used, by any other person or for any other purpose, without Duff & Phelps' express written consent. This Opinion: (i) does not address the merits of the underlying business decision to enter into the Proposed Transaction versus any alternative strategy or transaction; (ii) does not address any other transaction related to the Proposed Transaction; (iii) is not a recommendation as to how the Clients or their security holders (if any) should vote or act with respect to any matters relating to the Proposed Transaction, or whether to proceed with the Proposed Transaction or any related transaction; (iv) does not indicate that the consideration to be



received by the Portfolio Manager in the Proposed Transaction is the best possibly attainable under any circumstances; and (v) does not indicate that the consideration to be paid by the Company in the Proposed Transaction is the best possibly attainable under any circumstances; instead, it merely states whether the consideration received by the Portfolio Manager and paid by the Company, as the case may be in the Proposed Transaction is within a range suggested by certain financial analyses. The decision as to whether to proceed with the Proposed Transaction or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which this Opinion is based. This letter should not be construed as creating any fiduciary duty on the part of Duff & Phelps to any party.

This Opinion is solely that of Duff & Phelps, and Duff & Phelps' liability in connection with this letter shall be limited in accordance with the terms set forth in the engagement letter between Duff & Phelps and the Clients dated 9 September 2020 (the "**Engagement Letter**"). This letter is confidential, and its use and disclosure is strictly limited in accordance with the terms set forth in the Engagement Letter.

Duff & Phelps has acted as financial advisor to the Clients and will receive a fee for its services. No portion of Duff & Phelps' fee is contingent upon either the conclusion expressed in this Opinion or whether or not the Proposed Transaction is successfully consummated. Pursuant to the terms of the Engagement Letter, a portion of Duff & Phelps' fee is payable within 30 days upon Duff & Phelps delivering its Opinion.

### **Conclusion**

Based upon and subject to the foregoing, Duff & Phelps is of the opinion that as of the date hereof the (i) Total Consideration to be received by the Portfolio Manager for the sale of the investments in the Initial Portfolio pursuant to the Proposed Transaction is fair, from a financial point of view, to the Portfolio Manager, (ii) the Total Consideration to be paid by the Company for the purchase of the investments in the Initial Portfolio pursuant to the Proposed Transaction is fair, from a financial point of view, to the Company, and (iii) the Non-cash Consideration received by the Company for the issuance of the consideration shares to the Portfolio Manager in accordance with section 593 of the Companies Act of 2006 is reasonable.

This Opinion has been approved by the Opinion Review Committee of Duff & Phelps.

### **Responsibility**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Opinion and accept responsibility for the information contained in this Opinion and confirm that to the best of our knowledge, the information contained in this Opinion is in accordance with the facts and makes no omission likely to affect its import. This Opinion has been produced for inclusion in the Prospectus and may not be reproduced or used in connection with any other purposes without our prior consent.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Opinion or our statement, required by and given solely for the purposes of complying with the Prospectus Regulation.

Respectfully submitted,

A handwritten signature in black ink that reads "Duff & Phelps, LLC". The signature is written in a cursive, flowing style.

Duff & Phelps, LLC  
The Shard  
32 London Bridge Street  
London SE1 9SG  
United Kingdom

## PART 8

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Company's service providers, including the AIFM and the Portfolio Manager.

The Company has an experienced Board comprising senior professionals from the impact investment, investment trust and asset management sectors. All of the Directors are non-executive and are independent of the AIFM, the Portfolio Manager and the other service providers.

The Directors will meet at least four times per annum to, amongst other things, review and assess the Company's investment policy and strategy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including the Portfolio Manager and the AIFM, and generally to supervise the conduct of its affairs. The Audit and Risk Committee will meet at least twice per annum.

The Directors are as follows:

#### ***Susannah Nicklin, Chair***

Susannah Nicklin, CFA, is an investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also previously been involved in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. Susannah is a non-executive director and senior independent director of Pantheon International plc and non-executive director of The North American Income Trust plc, Baronsmead Venture Trust plc, Amati AIM VCT plc and Ecofin Global Utilities and Infrastructure Trust plc. She retired from the Board of City of London Investment Group plc in October 2020.

#### ***Mike Balfour***

Mike Balfour is a non-executive director of Standard Life Investment Property Income Trust plc (audit chair) and, Fidelity China Special Situations plc (audit chair). He also chairs the investment committee of TPT Retirement Solutions (previously The Pensions Trust) and sits on the trust's management board. He has over 30 years' experience in financial services. He was chief executive of Thomas Miller Investment Ltd until 2016 and prior senior appointments have included chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. He is a member of the Institute of Chartered Accountants of Scotland. Mr Balfour brings to the Board his expertise and experience as an investment management professional and as a director of investment trusts.

#### ***James B. Broderick***

James Broderick is a director of the Impact Investing Institute, with primary responsibility for leading the engagement with UK pension funds. He also worked in 2016-2019 with the Institute's predecessor bodies, the Implementation Taskforce on Growing a Culture of Social Impact Investing, and the Advisory Group, both sponsored by the Cabinet Office. He is currently a trustee of Philanthropy Impact, which works with advisors, philanthropists and charities to promote philanthropy and social impact investing. He is also a commissioner in the Commission on Social Investment, chaired by Lord Victor Adebawale CBE.

James was head of UBS Wealth Management in the UK & Jersey for five years before retiring in 2018, in which position he also served as chair of UBS Optimus Foundation (UK). Before that, he worked

for 19 years at JPMorgan Asset Management, latterly as head of its EMEA business. In that position, he was CEO and/or director of the firm's principal asset management and insurance subsidiaries in the UK, and a director of the principal affiliated mutual fund investment and management companies in continental Europe.

### **Alice Chapple**

Alice Chapple is an economist and a specialist in impact investment and impact assessment. She established Impact Value in October 2012. Before establishing Impact Value, Alice worked as director of sustainable financial markets at Forum for the Future.

Prior to Forum for the Future, she worked at UK development finance institution CDC as financial analyst, fund manager and social and environmental advisor. In the late 1990s, she established a programme for evaluation of development impact and in the 2000s she designed processes for fund managers to assess the ESG aspects of their investments.

Alice's current roles include chair of Investor Watch (which seeks to align capital markets with a sustainable future through Carbon Tracker and Planet Tracker), independent chair of the CDC Plus (Technical Assistance) Committee, Trustee of the Shell Foundation, and member of the Advisory Boards of Sainsbury's Foundation, Frontier Finance Solutions and Connected Asset Management. Alice is also working with the University of Cambridge Institute of Sustainability Leadership to develop and tutor their course on sustainable finance.

## **2. AIFM, Company Secretary and Administrator**

The Company has appointed Schroder Unit Trusts Limited as the AIFM of the Company, pursuant to the AIFM Agreement. The AIFM will act as the Company's alternative investment fund manager for the purposes of the AIFM Rules.

Schroders is a leading provider of listed closed-ended funds in the UK and has been a prominent participant in the investment trust market for over 70 years, as well as being a global leader in sustainability. Schroders' existing range of investment trusts has a combined £4.1 billion in gross assets under management. The Board believes that Schroders' institutional risk management capabilities and infrastructure provide the stable and robust platform needed for the efficient management of the Company.

The AIFM will also be responsible for providing administrative, company secretarial and marketing services to the Company. These will include general fund administration services (including calculation of the NAV based on the data provided by the Portfolio Manager), bookkeeping, and accounts preparation.

The AIFM is authorised and regulated in the UK by the FCA.

Pursuant to the Portfolio Management Agreement (further details of which are set out in paragraph 6.3 of Part 12 of this Prospectus), the AIFM has delegated portfolio management to the Portfolio Manager.

## **3. The Portfolio Manager**

The Company and the AIFM have appointed Big Society Capital Limited to provide portfolio management and related services in respect of the Company's portfolio.

Details of the Portfolio Manager, its track record and the portfolio management team proposed to manage the portfolio of the Company, are set out in Part 5 of this Prospectus. The Portfolio Manager is authorised and regulated by the FCA in the conduct of its investment business.

The Company and the AIFM have appointed the Portfolio Manager pursuant to the Portfolio Management Agreement, a summary of which is set out at paragraph 6.3 of Part 12 of this Prospectus.

Under the terms of the Portfolio Management Agreement, the Portfolio Manager is entitled to a management fee, details of which are set out in Part 8 of this Prospectus under the sub-heading “*Ongoing annual expenses*”.

The Portfolio Management Agreement is subject to termination on not less than 12 months’ written notice by any party, such notice not to expire earlier than the fifth anniversary of Initial Admission. The Portfolio Management Agreement can be terminated at any time in certain standard circumstances.

#### **4. Fees and expenses**

##### **4.1 *Formation and initial expenses***

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, the Initial Issue, Initial Admission and the Acquisition. These expenses include fees payable under the Placing Agreement, the Receiving Agent’s fees, admission fees, printing, legal, valuation and accounting fees, stamp duty associated with the Acquisition and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the Gross Cash Proceeds.

Such costs and expenses are expected to be approximately £1.28 million, assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue. This includes stamp duty in the amount of approximately £250,000 that is expected to be payable in connection with the acquisition of one of the Initial Portfolio assets.

##### **4.2 *Placing Programme expenses***

The costs and expenses of the Company relating to the Placing Programme are those which are necessary for the issue and Admission of Shares pursuant to any Subsequent Placings. These expenses include fees and commissions payable under the Placing Agreement, admission fees and any other applicable expenses which will be met by the Company and paid on or around the relevant Subsequent Admission.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing are expected to be covered by issuing such Ordinary Shares at a minimum price of the last published Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). The costs of any issue of C Shares will be allocated solely to the relevant class of C Shares.

##### **4.3 *Ongoing annual expenses***

The Company will also incur ongoing annual expenses which will include fees paid to the Portfolio Manager and the AIFM (as described below), management, advisory or other fees charged by the managers of Impact Funds or other agents in respect of the Company’s Social Impact Investments, in addition to other expenses.

The ongoing annual expenses of the Company excluding the fees paid to the Portfolio Manager and the AIFM and the fees relating to Social Impact Investments are not expected to exceed £350,000 per annum. In aggregate, the ongoing annual expenses of the Company including all such fees, but excluding all costs associated with making and realising investments, are not expected to exceed £1.55 million in the first 12 months from Admission, and thereafter are expected to vary depending in part on the level of committed or invested capital in the portfolio.

Ongoing annual expenses will include the following:

(i) *AIFM, Company Secretary and Administrator*

The AIFM is entitled to receive from the Company in respect of its AIFM, administration and company secretarial services, a management fee calculated and paid bi-annually in arrear at an annual rate of 0.80 per cent. per annum of "chargeable assets".

For this purpose, "**chargeable assets**" shall be calculated as the cum-income Net Asset Value of the Company adding back any loans, less any cash, money market instruments and Liquid ESG Investments, and any investments in funds which are managed by the Manager, the Portfolio Manager or any member of their respective groups.

For the purpose of calculating "chargeable assets" only, "**Liquid ESG Investments**" means:

- (a) any security that is admitted to trading on (i) any "regulated market" as defined in MiFID II and as listed in the register of regulated markets within the EEA maintained by the European Securities and Markets Authority from time to time; or (ii) any "recognised investment exchange" as recognised by the FCA under Part XVIII of FSMA; or (iii) any "recognised overseas investment exchange" as recognised by the FCA under Part XVIII of FSMA; or
- (b) any unit, share or other security issued by a collective investment scheme that has been authorised and regulated by the FCA and which has trading on a monthly or more frequent basis,

in each case being investments intended to benefit stakeholders using ESG frameworks to ensure a variety of stakeholders beyond just Shareholders interests are addressed.

(ii) *Portfolio Manager*

The Portfolio Manager is entitled to receive from the AIFM a portfolio management fee equivalent to 50 per cent. of the fee received by the Manager from the Company set out in paragraph (i) above.

No additional fees are charged to the Company by the Portfolio Manager.

(iii) *Depositary*

The Depositary is entitled to receive from the Company fees in respect of its depositary, custody and certain administration services, in an aggregate amount of £50,000 per annum, plus certain event-driven fees.

(iv) *Registrar*

The Registrar is entitled to receive from the Company an annual maintenance fee of £5,000 per annum (plus VAT if applicable) plus certain activity fees.

(v) *Directors*

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chair of the Board, the initial fees will be £30,000 per annum for each Director plus an additional annual fee of £5,000 per annum for the chair of the Audit and Risk Committee. The Chair's initial fee will be £40,000 per annum.

The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(vi) *Fees charged in respect of the Company's Social Impact Investments*

The Company will incur management, advisory and other fees charged by the managers of Impact Funds or other agents in respect of the Company's Social Impact Investments.

Once the proceeds of the Initial Issue are fully committed, the Company expects the fees charged to the Company in respect of its portfolio of Social Impact Investments to be a blended rate of approximately one per cent. of the value of the Company's Social Impact Investments per annum, depending on the make-up of the portfolio.

(vii) *Investment expenses*

Investment expenses will be incurred by the Company or by the Portfolio Manager (directly or on behalf of the Company) in connection with the acquisition of Investments. Such costs will be borne by the Company and may include legal and due diligence costs, taxes, commission, bank charges, registration fees relating to Investments, insurance and security costs and all other costs associated with the acquisition, holding and disposal of investments. The amount of expenses will depend on the particular investment opportunity and other factors. Consequently, no meaningful estimate can be made as to their extent. These expenses have not been included in the ongoing expenses estimate provided above.

(viii) *Other operational expenses*

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, audit, any independent valuers' fees, finance costs and legal fees. All reasonable out of pocket expenses of the AIFM, the Portfolio Manager, the Registrar, the Depositary and other service providers to the Company and the Directors relating to the Company will be borne by the Company.

## **5. Conflicts of interest**

The AIFM, the Portfolio Manager and their respective officers and employees may be involved in other financial, investment or professional activities that may give rise to conflicts of interest with the Company. In particular, the AIFM and the Portfolio Manager may provide investment management, investment advice or other services in relation to other companies, funds or accounts ("other clients") that may have similar investment objectives and/or policies to that of the Company and will receive fees for doing so.

The AIFM and other members of the Schroder Group currently provide such services to a number of other clients and intend to continue to do so. The Company may invest in securities or other interests issued by other clients of the AIFM or its associates where the Portfolio Manager determines to do so in accordance with the Company's investment policy. Although the Portfolio Manager does not currently provide investment management or advisory services to other clients, it may do so in the future.

As noted in Part 5 of this Prospectus, since 2012, the Portfolio Manager has sought to improve the lives of people in the UK by connecting social impact investment to social enterprises and charities. The Portfolio Manager operates as a social investment wholesaler investing into funds managed by intermediary organisations who in turn invest into companies, charities and social enterprises. The Portfolio Manager has made, and will continue to make, investments in a number of intermediary organisations in the UK social impact investment sector in pursuit of the Portfolio Manager's social mission, and these intermediary organisations may be interested in Social Impact Investments (as sponsor, manager, adviser, arranger, investor or otherwise) in which the Company may invest in pursuit of its investment objective. By way of example, as highlighted in Part 6 of this Prospectus in relation to the Initial Portfolio, as at the date of this document, the Portfolio Manager holds a 63.09



per cent. equity interest in Charity Bank (with voting rights capped at just under 50 per cent.), has a Big Society Capital representative on its board of directors and has the right to nominate and has nominated an additional director. Charity Bank is the arranger and agent of the Charity Bank co-investment facility that forms part of the Initial Portfolio.

In addition, the Portfolio Manager has a significant proprietary portfolio of Social Impact Investments. These investments include investments that are similar to the Investments that are expected to be held by the Company, and in some cases the Portfolio Manager may hold a direct or indirect interest in an investment in the same underlying Impact Fund or undertaking as the Company. The Company may make Co-Investments alongside the Portfolio Manager. The Company may also enter into transactions for the acquisition or disposal of Social Impact Investments with the Portfolio Manager. The Initial Portfolio comprises investments that, prior to Initial Admission, form part of the Portfolio Manager's proprietary portfolio.

The Portfolio Manager is the sole investor in a fund managed by Zamo Capital LLP, the investment objective of which is to provide support principally to fund managers in whose funds the Portfolio Manager has invested (the "**Zamo Fund**"). This has included investment into Social and Sustainable Capital LLP (the manager of the Social and Sustainable Housing fund). The Zamo Fund may make investments into social investment fund managers who are setting up funds and investment products which the Company may invest into.

In addition, the Portfolio Manager has made loans to group companies of certain social investment fund managers, including Resonance (a loan was provided to Resonance Health and Wellbeing Limited, a subsidiary of Resonance, as part of the Growth Fund blended finance programme which aims to on-lend to charities and social enterprises) and Social and Sustainable Capital (SASC Bridge Fund, a subsidiary of SASC, holds two BSC loans to fund community renewable energy projects).

As a result, the Portfolio Manager may have conflicts of interest in allocating investments amongst the Company and its other clients, including its proprietary portfolio. The Portfolio Manager may give advice or take action with respect to their other clients, or its proprietary portfolio, that differs from the advice given or actions taken with respect to the Company.

Any transaction by the Company in a Social Impact Investment (i) that is made alongside the Portfolio Manager; or (ii) in which the Portfolio Manager has a direct or indirect interest, will be subject to an enhanced approval process for the purpose of protecting the interests of the Company and its Shareholders. Any such transaction will be carefully considered by the SBSI Investment Committee, which includes representatives from the AIFM as non-voting participants. The committee will, amongst other things, assess the proposed terms against those that might be achievable in the wider market, and ensure that any such investment proposed to be made by the Company is (a) in compliance with the Company's investment policy and restrictions; and (b) on no less favourable terms than those offered to the Portfolio Manager. Furthermore, any such transaction, prior to commitment, will be escalated for consideration by the Board and may only be made with the approval of the Board and in accordance with the Listing Rules. It is not generally expected that investments in Impact Funds and Co-Investments made alongside the Portfolio Manager, or investments in which the Portfolio Manager has a direct or indirect interest, will be treated as related party transactions for the purposes of chapter 11 of the Listing Rules on the basis that such transactions are expected to be made in accordance with the Company's investment policy and therefore in accordance with Listing Rule 15.5.5.

Where the Company acquires Social Impact Investments from, or dispose of Social Impact Investments to, the Portfolio Manager, such transactions will also be subject to the enhanced approval process set out above, and it is further expected that such transactions will be treated as related party transactions for the purposes of chapter 11 of the Listing Rules.

The Portfolio Manager will ensure that transactions effected by it or an associate in which it or an associate has, directly or indirectly, a material interest or relationship of any description with another party, are effected on terms which are not materially less favourable to the Company than if the



potential conflict had not existed. The Portfolio Manager will allocate investments fairly to all clients, including its proprietary portfolio, in accordance with the rules of the FCA and its own standards of governance. In particular, the Portfolio Manager will allocate investment opportunities in a fair manner across all clients, including its proprietary portfolio, irrespective of the form or structure of remuneration that the Portfolio Manager receives in return for its investment management or advisory services. Where an investment has been approved for clients' and the Portfolio Manager's proprietary portfolios, and there is a scarcity of commitment available, all portfolios may face scale back; however the portfolios are not bound by a strict pro-rata principle. This provides the flexibility to allocate proportionally more to client portfolios to ensure clients' best interests are prioritised and to ensure they receive a relevant allocation.

Notwithstanding similar investment objectives, an investment opportunity for the Company may be allocated across all, some, or only one of the Portfolio Manager's clients, including its proprietary portfolio, dependent on the size of the investment opportunity and the relative opportunity for the Company or other clients. For example, an opportunity for a small investment may not present a meaningful position in a large account and, therefore, may only be allocated to smaller accounts, all other characteristics of the accounts being comparable.

The Directors have considered and tested the potential conflicts of interest of the Portfolio Manager as outlined above, and have satisfied themselves that the Portfolio Manager has procedures in place to address existing and potential conflicts of interest.

Separately, the Directors have noted that the AIFM has, as at the date of this Prospectus, other clients and have satisfied themselves that the AIFM has procedures in place to address potential conflicts of interest.

The Directors, in particular through the Management Engagement Committee (which is referred to in the section headed 'Corporate governance' below), will exercise an ongoing oversight role in respect of the continued appointment and performance of the AIFM and the Portfolio Manager, with a focus on the potential conflicts of interest outlined above.

## **6. Corporate governance**

The Board of the Company has considered the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders. As at the date of this Prospectus, the Company complies with the principles and provisions of the AIC Code except as detailed below.

The AIC Code includes a provision relating to the appointment of a senior independent director. The Board considers that, due to the size of the Board, this provision is not appropriate to the position of the Company, and the Company does not, therefore, comply with it. The Nomination Committee will keep the appointment of a senior independent director under annual review and may appoint a senior independent director in future.

The Company's Audit and Risk Committee will be chaired by Mike Balfour and consists of all the Directors. The Audit and Risk Committee will meet at least twice per annum. The Board considers that the members of the Audit and Risk Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Risk Committee. The Audit and Risk Committee will examine the effectiveness of the Company's risk management and internal control systems, and will monitor the valuation process of the Company's assets. It will review the half-yearly and annual reports and also receive information from the AIFM and the Portfolio Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code, the Company has established a Management Engagement Committee which is chaired by Susannah Nicklin and consists of all the Directors. The Management Engagement Committee will meet at least once per annum or more often if required. Its principal duties will be to consider the terms of appointment of the AIFM, the Portfolio Manager and other service providers and it will annually review those appointments and the terms of engagement.

The Company has also established a Nomination Committee which is chaired by Susannah Nicklin and consists of all the Directors. The Nomination Committee is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors, for proposing that existing Directors be re-elected and for setting the Directors' Remuneration Policy. The Nomination Committee undertakes an annual performance evaluation of the Board.

## **7. Directors' Share dealings**

The Board has agreed to adopt and implement a dealing code for Directors and other persons discharging managerial responsibility which imposes restrictions on conducting transactions in the Company's shares beyond those imposed by law. Its purpose is to ensure that the Directors, persons discharging managerial responsibility and their closely associated persons do not abuse (and do not place themselves under suspicion of having abused) inside information they may have or be thought to have, in particular during periods leading up to the announcement of the Company's results.

## **PART 9**

# **THE INITIAL ISSUE**

### **1. Introduction**

The Company is seeking to issue 100 million Ordinary Shares, including the Consideration Shares, to raise the Target Gross Cash Proceeds and acquire the Initial Portfolio. The Ordinary Shares will be issued in the Initial Issue at a price of 100 pence per Ordinary Share. In this Prospectus, the Initial Placing, the Offer for Subscription, the Intermediaries Offer and the issue of the Consideration Shares are together referred to as the Initial Issue. The Initial Issue has not been underwritten. The maximum number of Ordinary Shares to be issued under the Initial Issue is 100 million. The Minimum Issue Size is 75 million Ordinary Shares.

The Initial Portfolio will be acquired pursuant to the Acquisition for a combination of cash and the issue of Consideration Shares as further described at paragraph 1.2 of Part 6 of this Prospectus. The Consideration Shares will be issued at the Issue Price.

Following completion of the Acquisition, and assuming 100 million Ordinary Shares are issued pursuant to the Initial Issue, the Company is expected to have cash available for investment of approximately £73.72 million and Net Assets of approximately £98.72 million, including the Initial Portfolio which is valued at approximately £40 million (plus outstanding commitments such that the aggregate valuation of the Initial Portfolio on a total commitment basis is approximately £60 million).

The actual number of Ordinary Shares to be issued pursuant to the Initial Issue is not known as at the date of this Prospectus but will be notified by the Company through a Regulatory Information Service prior to Initial Admission.

### **2. The Initial Placing**

Winterflood has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in the Placing Agreement.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by Winterflood are set out in Part 13 of this Prospectus. The Initial Placing will close at 2.00 p.m. on 16 December 2020 (or such later date as the Company and Winterflood may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Winterflood, the Company, the AIFM, the Portfolio Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

Schroder & Co. Ltd has informed the Company of its intention to subscribe for Ordinary Shares in the Initial Placing on behalf of their clients representing £17.5 million or 17.5 per cent. of the Company's issued share capital on Initial Admission. The final subscription amount will be subject to

final demand of the clients of Schroder & Co. Ltd and the final number of Ordinary Shares to be issued by the Company pursuant to the Initial Issue.

### **3. The Offer for Subscription**

Ordinary Shares are being made available in the United Kingdom, the Channel Islands and the Isle of Man under the Offer for Subscription at the Issue Price, subject to the terms and conditions of the Offer for Subscription set out in Part 14 of this Prospectus. These terms and conditions and the Offer for Subscription Application Form attached as the Appendix to this Prospectus should be read carefully before an application is made. The Offer for Subscription will close at 11.00 a.m. on 15 December 2020. If the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

The minimum subscription amount for Ordinary Shares pursuant to the Offer for Subscription is £1,000, although the Board may accept applications below this minimum amount in its absolute discretion. The aggregate subscription price is payable in full on application. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by no later than 11.00 a.m. on 15 December 2020.

Application Forms accompanied by a cheque or banker's draft made payable to "Equiniti Limited Re: Impact Offer for Subscription" for the appropriate sum should be sent to the Receiving Agent by no later than 11.00 a.m. on 15 December 2020.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 15 December 2020. Please contact Equiniti by email at [offer@equiniti.com](mailto:offer@equiniti.com) and Equiniti will provide applicants with the bank account details, together with a unique reference number which must be used when sending payment together with your Application Form at the address provided. Applicants choosing to settle via CREST on a delivery versus payment ("**DVP**") basis, will need to put in their instructions in the CREST GUI in favour of Equiniti's participant account 5RA29 to settle by no later than 11.00 a.m. on 15 December 2020, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

Please also refer to the section below in this Part 9 headed "CREST".

### **4. The Intermediaries Offer**

Investors may also subscribe for Ordinary Shares at the Issue Price pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum subscription amount of £1,000 per Underlying Applicant will apply. Allocations to Intermediaries will be determined solely by the Company (following consultation with Winterflood, the AIFM and the Portfolio Manager).

An application for Ordinary Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the Ordinary Shares applied for at the Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all

other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds shall be made without interest. The Company, the AIFM, the Portfolio Manager and Winterflood accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, the Channel Islands and the Isle of Man, subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by any of the Company, the AIFM, the Portfolio Manager or Winterflood. Any liability relating to such documents shall be for the relevant Intermediaries only.

## **5. Conditions**

The Initial Issue is conditional, *inter alia*, on:

- (i) Initial Admission occurring by 8.00 a.m. on 22 December 2020 (or such later date, not being later than 31 March 2021, as the Company and Winterflood may agree);
- (ii) the Placing Agreement becoming otherwise unconditional in all respects as to Initial Admission and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) the Minimum Issue Size (or such lesser amount as the Company and Winterflood may agree) being achieved.

If the Minimum Issue Size, or such lesser amount as the Company and Winterflood in their absolute discretion may decide, is not achieved, the Initial Issue will not proceed and application monies received under the Initial Placing and Offer for Subscription will be returned to applicants without interest at the applicants' risk.

If the Minimum Issue Size Proceeds is not achieved, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

## **6. Scaling back and allocation**

In the event that commitments under the Initial Issue exceed the maximum number of Ordinary Shares available under the Initial Issue (being 100 million Ordinary Shares), applications under the Initial Placing, Offer for Subscription and Intermediaries Offer (but not the Consideration Shares) will be scaled back at the Company's discretion (in consultation with Winterflood, the AIFM and the Portfolio Manager).

The basis of allocation of Ordinary Shares shall be determined by the Company (in consultation with Winterflood, the AIFM and the Portfolio Manager).

The issue of Consideration Shares to the Portfolio Manager and the subscription by Schroder & Co. Ltd pursuant to the Initial Issue will not be subject to scaling back.

## **7. The Placing Agreement**

The Placing Agreement contains provisions entitling Winterflood to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to applicants without interest within 14 days at the applicant's risk.

The Placing Agreement provides for Winterflood to receive customary fees and commissions. Any Ordinary Shares subscribed for by Winterflood may be retained or dealt in by it for its own benefit.

Under the Initial Placing, Winterflood is entitled at their discretion and out of their own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Initial Issue. Winterflood is also entitled under the Placing Agreement to retain agents and may pay fees and/or commission in respect of the Initial Issue to any or all of those agents out of their own resources.

Further details of the terms of the Placing Agreement are set out in paragraph 6.1 of Part 12 of this Prospectus.

## **8. General**

The number of Ordinary Shares to be issued pursuant to an application under the Initial Issue will be calculated by dividing the subscription amount received in respect of that application by the Issue Price and rounding the resulting amount down to the nearest whole number. Accordingly, fractions of Ordinary Shares will not be issued.

To the extent that the subscription monies received by the Company in relation to any application for new Ordinary Shares pursuant to the Offer for Subscription exceed the aggregate value, at their Issue Price, of the Ordinary Shares issued pursuant to such application, the balance of such sum will be returned by cheque to the applicant concerned, save that amounts, otherwise returnable, of £5.00 or less will be retained for the benefit of the Company.

Ordinary Shares issued pursuant to the Initial Issue will be issued fully paid.

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to that applicant.

## **9. Admission, clearing and settlement**

Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market. It is expected that Initial Admission will become effective and dealings will commence on 22 December 2020.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Initial Issue, these will be transferred to successful applicants through the CREST system.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post at the risk of recipients to the relevant holders in the week beginning 28 December 2020. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfer of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN of the Ordinary Shares is GB00BF781319 and the SEDOL code is BF78131.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

#### **10. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

#### **11. Use of proceeds and reasons for the Initial Issue**

The Gross Cash Proceeds will be utilised in accordance with the Company's investment policy, including to pay the cash element of the consideration for the Acquisition of the Initial Portfolio, to meet the costs and expenses of the Initial Issue and to make investments in accordance with the Company's investment objective and investment policy, which may include those investments that form part of the identified pipeline.

The Initial Issue is being made in order to provide investors with the opportunity to invest in a diversified portfolio of private market Social Impact Investments with a focus on delivering a positive social impact in the United Kingdom (as described in the Company's investment objective and policy set out in Part 2 of this Prospectus) through the medium of an investment trust.

#### **12. Material interests**

On Initial Admission, the Company will acquire the Initial Portfolio from the Portfolio Manager, as described in paragraph 1.2 of Part 6 of this Prospectus. Following Initial Admission, the Company may make Social Impact Investments alongside the Portfolio Manager and/or in which the Portfolio Manager has a direct interest or an indirect interest via investments in intermediary organisations who in turn invest into companies, charities and social enterprises, and may acquire Social Impact Investments from, or dispose of Social Impact Investments to, the Portfolio Manager, in each case in accordance with the Company's investment policy.

Save as identified above, there are no interests that are material to the Initial Issue and no conflicting interests.

#### **13. Profile of a typical investor**

Typical investors in the Company are expected to be institutional investors, professionally advised private investors and retail investors seeking access to a diversified portfolio of private market impact funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.

#### **14. Overseas Persons**

The attention of potential investors who are not resident in, or who are not citizens of, the UK is drawn to the paragraphs below.



The offer of Ordinary Shares under the Initial Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Initial Issue. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe for Ordinary Shares under the Initial Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this Prospectus in any territory other than the UK may treat the same as constituting an offer or invitation to that person, unless in the relevant territory such an offer can lawfully be made to that person without compliance with any further registration or other legal requirements.

The Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any states securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and the offer or re-sale of any of the Ordinary Shares in the United States may constitute a violation of US law.

The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

Potential investors in any territory other than the United Kingdom, the Channel Islands and the Isle of Man should refer to the notices set out in the section entitled "Important Notices" of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

# **PART 10**

## **THE PLACING PROGRAMME**

### **1. Details of the Placing Programme**

Following completion of the Initial Issue, the Company may (subject to the appropriate Shareholder authorities remaining in place) issue up to an aggregate of 100 million Shares, being Ordinary Shares and/or C Shares, pursuant to the Placing Programme without first offering those Shares to existing Shareholders.

The Placing Programme has been implemented to enable the Company to raise additional capital in the period from 22 December 2020 to 22 November 2021. The net proceeds of the Placing Programme will be used to make investments in accordance with the Company's investment objective and policy.

The number of Shares available under the Placing Programme is intended to be flexible and should not be taken as an indication of the number of Shares to be issued. The Company will make the decision on each individual occasion it wishes to issue Shares under the Placing Programme as to whether the Company will issue Ordinary Shares or C Shares. It will make this decision based on a combination of factors, and having taken into account the AIFM and the Portfolio Manager's opinion, including, amongst other things, the potential size of any issue relative to the Company's existing market capitalisation and gross assets, the potential level of demand for new shares amongst existing and potential investors, and the speed with which the Portfolio Manager estimates that it could invest any new proceeds raised.

Any issues of Shares pursuant to the Placing Programme will be notified by the Company through a Regulatory Information Service and the Company's website, prior to each Admission. The Placing Programme has not been underwritten.

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Shares over the duration of the Placing Programme. Shares may be issued under the Placing Programme, following the Initial Issue, from 8.00 a.m. on 22 December 2020 until 8.00 a.m. on 22 November 2021. Applications will be made to the FCA for all of the Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market. The issue of Shares pursuant to the Placing Programme is at the discretion of the Directors.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus and prior to any Subsequent Admission of any Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus and may publish a further full prospectus. Any supplementary prospectus or full prospectus published will give details of the significant change(s) or the significant new matter(s).

### **2. Conditions**

Each allotment and issue of Shares under the Placing Programme is conditional, *inter alia*, on:

- (i) the Placing Programme Price being determined by the Directors as described below;
- (ii) Admission of the Shares being issued pursuant to such issue;
- (iii) the Placing Agreement becoming otherwise unconditional in all respects in respect of the relevant Subsequent Placing and not having been terminated on or before the date of such Admission;

- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation; and
- (v) the Company having in place appropriate Shareholder authorities to issue such Shares.

In circumstances where these conditions are not fully met, the relevant Subsequent Placing of Shares pursuant to the Placing Programme will not take place.

### **3. Placing Programme Price**

The Placing Programme Price will be determined by the Company and, in the case of Ordinary Shares, will be not less than the prevailing Net Asset Value, in Sterling, per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue. In the case of C Shares, the Placing Programme Price will be 100 pence per C Share.

The Directors will determine the Placing Programme Price of the Ordinary Shares on the basis described above so as to cover the costs and expenses of each issue of Ordinary Shares under the Placing Programme and to thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares. In determining the Placing Programme Price of the Ordinary Shares, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time. The costs and expenses of any issue of C Shares pursuant to the Placing Programme will be borne by the holders of C Shares only.

The Placing Programme Price will be announced through a Regulatory Information Service as soon as is practicable in conjunction with each Subsequent Placing.

### **4. Dilution**

Assuming the maximum of 100 million Ordinary Shares are issued pursuant to the Initial Issue, if the maximum of 100 million Shares are then issued pursuant to the Placing Programme, for those Shareholders that do participate in any of the Subsequent Placing(s) there would be a dilution of approximately 50 per cent. in Shareholders' ownership and voting interests in the Company immediately after the Placing Programme. The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio.

### **5. The Placing Agreement**

Winterflood is entitled to terminate the Placing Agreement at any time prior to any Subsequent Admission in certain circumstances. If this right is exercised, the Placing Programme and these arrangements will lapse and any monies received in respect of the Placing Programme will be returned to applicants without interest within 14 days at the applicant's risk.

The Placing Agreement provides for Winterflood to be paid a commission by the Company in respect of any Shares issued pursuant to any Subsequent Placings. Any Shares subscribed for by Winterflood may be retained or dealt in by it for its own benefit.

Under the Placing Agreement, Winterflood is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its commissions relating to a Subsequent Placing. Winterflood is also entitled under the Placing Agreement to retain agents and may pay commission in respect of a Subsequent Placing to any or all of those agents out of its own resources.

Further details of the terms of the Placing Agreement are set out in paragraph 6.1 of Part 12 of this Prospectus.

## **6. Scaling back**

In the event of oversubscription of a Subsequent Placing, applications under the Subsequent Placing will be scaled back at the Company's discretion (in consultation with Winterflood, the AIFM and the Portfolio Manager).

The basis of allocation of Shares shall be determined by the Company (in consultation with Winterflood, the AIFM and the Portfolio Manager).

## **7. Costs of the Placing Programme**

The costs and expenses of each issue of Shares pursuant to a Subsequent Placing under the Placing Programme will depend on subscriptions received. In the event 100 million Shares are issued pursuant to a Subsequent Placing, the costs and expenses of that Subsequent Placing are not expected to exceed 1.2 per cent. of the proceeds of the Subsequent Placing. The costs of any issue of Ordinary Shares are expected to be covered by issuing such Ordinary Shares at a premium to the last published Net Asset Value per Ordinary Share at the time of issue. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

## **8. General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

Any Shares issued pursuant to the Placing Programme will be issued fully paid and rank *pari passu* with the Shares of the relevant class then in issue (save for any dividends or other distributions declared, made or paid on the Shares of the same class by reference to a record date prior to the allotment of the relevant Shares).

## **9. Clearing and settlement**

Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Shares to be issued in uncertificated form pursuant to the Placing Programme, these will be transferred to successful applicants through the CREST system.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the relevant underlying Net Asset Value per Share.

The ISIN of the Ordinary Shares is GB00BF781319 and the SEDOL code is BF78131.

The ISIN of the C Shares is GB00BF781202 and the SEDOL code is BF78120.

## **10. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. Settlement of transactions in the Shares following the relevant Admission may take place within the CREST system if any Shareholder so wishes.

## **11. Use of proceeds and reasons for the Placing Programme**

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy.

Subsequent Placings will be made to the extent that the Board, as advised by the AIFM and the Portfolio Manager, continues to believe that there are attractive opportunities for the Company to deliver returns for Shareholders and measurable positive social impact through investment in accordance with its investment objective and investment policy.

## **12. Material interests**

The Company may make Social Impact Investments alongside the Portfolio Manager and/or in which the Portfolio Manager has a direct interest or an indirect interest via an investment in intermediary organisations who in turn invest into companies, charities and social enterprises, and may acquire Social Impact Investments from, or dispose of Social Impact Investments to, the Portfolio Manager, in each case in accordance with the Company's investment policy.

Save as identified above, there are no interests that are material to the Placing Programme and no conflicting interests.

## **13. Profile of typical investor**

Typical investors in the Company are expected to be institutional investors, professionally advised private investors and retail investors seeking access to a diversified portfolio of private market impact funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.

## **14. Overseas Persons**

The attention of potential investors who are not resident in, or who are not citizens of, the UK is drawn to the paragraphs below.

The offer of Shares under the Placing Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Shares under the Placing Programme. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe for Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this Prospectus in any territory other than the UK may treat the same as constituting an offer or invitation to that person, unless in the relevant territory such an offer can lawfully be made to that person without compliance with any further registration or other legal requirements.

The Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from the registration requirements of the US Securities Act provided by

Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any states securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and the offer or re-sale of any of the Shares in the United States may constitute a violation of US law.

The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exemptions, the Shares may not be offered to or sold within Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

Potential investors in any territory other than the United Kingdom, the Channel Islands and the Isle of Man should refer to the notices set out in the section entitled "Important Notices" of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Placing Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

# **PART 11**

## **UK TAXATION**

**The following comments do not constitute tax advice. They are intended only as a general guide based on UK law and HMRC's published practice as at the date of this Prospectus. Both law and practice may change at any time.**

**Except where express reference is made to the position of non-UK residents, these comments relate only to Shareholders who are, and have at all relevant times been, resident for tax purposes solely in the UK. They apply only to Shareholders who are the absolute beneficial owners of their Shares and of any dividends payable on them and who hold their Shares as investments.**

**Certain categories of Shareholders may be subject to special tax rules. These include dealers in securities, financial institutions, insurance companies, collective investment schemes and Shareholders who are treated as having acquired their Shares by reason of any office or employment. The position of such Shareholders is not addressed in these comments. Nor is the position of any Shareholders who are involved in arrangements to avoid tax or obtain a tax advantage.**

**You should seek professional tax advice if you are resident, domiciled or subject to tax in any jurisdiction outside the UK or if you are in any doubt as to your tax position.**

### **1. The Company**

The Directors intend to apply to HMRC for approval of the Company as an investment trust following Initial Admission and the Directors intend to conduct the affairs of the Company so that it satisfies, and continues to satisfy, the conditions necessary for approval as an investment trust. However, no assurance can be given that this approval will be obtained or maintained.

In respect of each accounting period for which the Company continues to be treated as an approved investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will however (subject to what follows) be liable to UK corporation tax on its income in the normal way. In principle, this includes dividend income received by the Company. However, there are broad-ranging exemptions from this charge which would generally be expected to apply in respect of most dividends it receives.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under such treatment, the Company may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays as an interest distribution, UK resident Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and the Company should be able to deduct the amount of the interest distribution from its income in calculating its taxable profit for the relevant accounting period.

### **2. Taxation of dividends**

#### ***No withholding***

The Company is not required to withhold UK tax when paying a dividend on the Shares.



### ***Individuals***

UK resident individual Shareholders who receive dividends from the Company that are not designated as interest distributions will generally pay UK income tax on those dividends. The current rates are as follows, to the extent in excess of the annual dividend allowance:

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band; and
- 38.1 per cent. on dividend income within the additional rate band.

UK resident individual Shareholders who receive dividends from the Company that are designated as interest distributions under the streaming regime would be treated for tax purposes as receiving a payment of interest. Such a Shareholder would currently generally be subject to UK income tax at the rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income and the availability of any exemption, allowance or relief.

### ***Companies***

Shareholders within the charge to UK corporation tax that receive dividends from the Company that are not designated as interest distributions under the streaming regime will be subject to corporation tax on those dividends unless the dividends qualify for exemption under Part 9A of the Corporation Tax Act 2009. It is likely that dividends paid by the Company will generally qualify for exemption, but it should be noted that the exemption is not comprehensive, requires a number of conditions to be met, and is subject to anti-avoidance rules. Shareholders should therefore seek professional tax advice where necessary.

Shareholders within the charge to UK corporation tax receiving a dividend designated by the Company as an interest distribution would be treated for tax purposes as receiving interest under a creditor loan relationship. Accordingly, such a Shareholder would be subject to corporation tax in respect of the distribution.

## **3. Taxation of chargeable gains**

### ***Disposals of Shares***

A disposal of Shares by a UK resident Shareholder may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

A conversion of C Shares into new Ordinary Shares should, for the purposes of UK taxation of chargeable gains, generally be treated as a reorganisation of the share capital of the Company. To this extent, the new Ordinary Shares will be treated as the same asset as the Shareholder's original C Shares and as having been acquired at the same time as the C Shares are treated as having been acquired. To the extent that this reorganisation treatment applies, the conversion will not be treated as itself giving rise to a disposal of the Shareholder's C Shares for the purposes of UK taxation of chargeable gains.

Shareholders that are not UK resident will not generally be subject to UK taxation of chargeable gains on a disposal of their Shares, provided that their Shares are not and have not been acquired, held or used in or for the purposes of any trade, profession or vocation carried on by the Shareholder in the UK through a branch, agency or permanent establishment. However, if at the time of disposal the Company is treated as deriving (directly or indirectly) at least 75 per cent of its value from interests in UK land, a non-UK resident Shareholder disposing of Shares may (regardless of whether that Shareholder has any UK branch, agency or permanent establishment) be subject to UK tax on any chargeable gain realised. Any non-resident Shareholder making a disposal of Shares in those circumstances should seek professional tax advice as to its UK tax obligations in respect of the disposal.

It should be noted that, in certain circumstances, an individual Shareholder who is only temporarily non-UK resident may, on re-establishing UK tax residence, be subject to capital gains tax in respect of disposals which occurred in the period of temporary non-residence.

#### **4. ISAs**

Provided that the Company maintains its status as an investment trust approved by HMRC, the Shares should, subject to the annual ISA investment allowance, be eligible for inclusion in an ISA.

Shares acquired pursuant to the Offer for Subscription, the Intermediaries Offer or in the secondary market (but not Shares acquired directly under a Placing) should, subject to the annual ISA investment allowance, be eligible for inclusion in an ISA.

Individuals wishing to invest in Shares through an ISA should contact their professional advisers.

#### **5. UK Stamp duty and stamp duty reserve tax ("SDRT")**

##### ***Issues of Shares***

No UK stamp duty or SDRT should arise on an issue of Shares by the Company.

##### ***Transfers of Shares***

Instruments transferring Shares will generally be subject to stamp duty at a rate of 0.5% of the consideration given for the transfer (rounded up to the nearest £5 of stamp duty, where relevant). Transfers with an aggregate consideration of £1,000 or less are generally exempt from stamp duty provided that the instrument of transfer contains an appropriate certificate stating that the transfer does not form part of a larger transaction or series of transactions with an aggregate consideration in excess of £1,000.

An unconditional agreement to transfer Shares will generally be subject to SDRT at a rate of 0.5 per cent. of the consideration given for the transfer. However, where an instrument of transfer is executed in pursuance of such an agreement and is duly stamped within six years, the charge to SDRT will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

Paperless transfers of Shares within CREST (i.e. effected without any instrument of transfer) will generally attract only SDRT and not stamp duty. The SDRT chargeable on such transactions will generally be collected through the CREST system.

The cost of any stamp duty or SDRT that arises in connection with a transfer of Shares would normally be borne by the purchaser.

#### **6. Information reporting**

The UK has entered into a number of international arrangements which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA, the Common Reporting Standard, the EU Directive on Administrative Cooperation in Tax Matters, and a number of other arrangements with particular jurisdictions. In connection with agreements and arrangements of this kind, the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

## PART 12

### ADDITIONAL INFORMATION

#### 1. The Company, the AIFM and the Portfolio Manager

- 1.1 The Company was incorporated in England and Wales as a public limited company on 24 September 2020. The Company is registered as an investment company under section 833 of the Act with registered number 12902443. The Company has received a certificate under section 761 of the Act entitling it to commence business and to exercise its borrowing powers. Since its incorporation the Company has not commenced operations (other than entry into of the material contracts referred to at paragraph 6 of this Part 12), has not declared any dividend, and no financial statements have been made up. The Company is domiciled in England and Wales.
- 1.2 The Company has no employees.
- 1.3 The principal activity of the Company is to invest in a diversified portfolio of private market Social Impact Investments with a focus on delivering a positive social impact in the United Kingdom, with a view to achieving the Company's investment objective.
- 1.4 As at the date of this Prospectus, the Company does not have any subsidiaries.
- 1.5 The Company operates under the Act and is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is at 1 London Wall Place, London EC2Y 5AU, United Kingdom. The Company's telephone number is +44 (0)207 658 6000.
- 1.6 As a Company with its shares admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the London Stock Exchange's main market, the Company will be subject to the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and MAR, and to the rules of the London Stock Exchange.
- 1.7 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the conditions that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
- all or substantially all of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
  - the Company is not a close company at any time during the accounting period;
  - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses.

- 1.8 The AIFM is a private company limited by shares incorporated in England and Wales with number 04191730 on 2 April 2001. The AIFM is authorised and regulated by the FCA. The address of the registered office of the AIFM is 1 London Wall Place, London EC2Y 5AU, United Kingdom. The AIFM's telephone number is +44 (0)207 658 6000.
- 1.9 The Portfolio Manager is a private company limited by shares incorporated in England and Wales with number 07599565 on 11 April 2011. The Portfolio Manager is authorised and regulated by the FCA. The address of the registered office of the Portfolio Manager is New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ, United Kingdom and its telephone number is +44 (0)20 7186 2500.

## 2. Share capital

- 2.1 On incorporation, the issued share capital of the Company was 1 penny represented by one Ordinary Share, held by the subscriber to the Company's memorandum of association.
- 2.2 Set out below is the issued share capital of the Company as at the date of this Prospectus:

	<i>Aggregate Nominal Value</i>	<i>Number</i>
Redeemable shares	£50,000	50,000
Ordinary Shares	£0.01	1

The Ordinary Share is fully paid up. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Act, on 2 November 2020, 50,000 redeemable shares were allotted to a member of the Schroder Group. The redeemable shares are paid up as to one quarter of their nominal value and will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue.

- 2.3 Set out below is the issued share capital of the Company as it will be following the Initial Issue (assuming that 100 million Ordinary Shares are issued pursuant to the Initial Issue):

	<i>Aggregate nominal value (£)</i>	<i>Number</i>
Ordinary Shares	1,000,000	100,000,000

All Ordinary Shares will be fully paid.

- 2.4 By special resolutions passed on 9 November 2020:

- (A) the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £1,000,000 in connection with the Initial Issue, such authority to expire immediately following Initial Admission, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;
- (B) the Directors were generally empowered (pursuant to section 570 of the Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 2.4(A) above as if section 561 of the Act did not apply to any such allotment, such power to expire immediately following Initial Admission, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power had not expired;
- (C) the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot up to 100,000,000 Ordinary Shares and/or C Shares pursuant to the Placing Programme or otherwise, such

authority to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;

- (D) the Directors were empowered (pursuant to sections 570 and 573 of the Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4(C) above as if section 561 of the Act did not apply to any such allotment or sale, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired;
  - (E) the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the issued Ordinary Shares immediately following Initial Admission. The minimum price which may be paid for an Ordinary Share is 1 penny. The maximum price which may be paid for an Ordinary Share must not be more than the higher of:
    - (a) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or
    - (b) that stipulated by the regulatory technical standards adopted by the EU pursuant to the Market Abuse Regulation from time to time. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and the date 18 months after the date on which the resolution was passed save that the Company may contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase its Ordinary Shares in pursuance of such contract;
  - (F) the Company resolved that, conditional upon Initial Admission and subject to the confirmation and approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Issue be cancelled, and the amount of the share premium account so cancelled be credited to a reserve; and
  - (G) a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.
- 2.5 In accordance with the authority referred to in paragraph 2.4(A) above, it is expected that the Ordinary Shares in respect of the Initial Issue will be allotted pursuant to a resolution of the Board to be passed on or around 17 December 2020, conditional upon Initial Admission.
- 2.6 The provisions of section 561 of the Act (which, to the extent not disapplied pursuant to section 570 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraphs 2.4(B) and 2.4(D) above.

- 2.7 Save as disclosed in this paragraph 2, since the date of its incorporation (i) there has been no alteration in the share capital of the Company, (ii) no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued for cash or any other consideration and (iii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- 2.8 The Ordinary Shares, expected to be issued on 22 December 2020, will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00BF781319.
- 2.9 Any C Shares issued pursuant to a Subsequent Placing will be in registered form. Temporary documents of title will not be issued. The ISIN of the C Shares is GB00BF781202.
- 2.10 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Ordinary Shares subject to their statutory right of withdrawal in the event of the publication of a supplementary prospectus.

### **3. Articles of Association**

A summary of the main provisions of the Articles are set out below.

#### **3.1 Objects**

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

#### **3.2 Variation of rights**

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by that person. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

#### **3.3 Alteration of share capital**

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (b) sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares; and
- (c) determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other

rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

Subject to the provisions of the Act, the Uncertificated Securities Regulations and every other statute, enactment or regulations for the time being in force concerning companies and affecting the Company relating to authority, pre-emption rights and otherwise, and of any resolution of the Company in general meeting passed pursuant thereto, all existing shares of the Company shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of such shares to such persons, at such times and generally on such terms and conditions as the Directors think proper.

### 3.4 ***Issue of shares***

Subject to the provisions of the Act and without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or if the Company has not so determined, as the Directors may determine).

### 3.5 ***Dividends***

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividends as from a particular date, it shall rank for dividends accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid.

### 3.6 ***Voting rights***

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote, and on a poll every shareholder (whether present in person or by proxy) has one vote for every share held by that shareholder. A shareholder entitled to more than one vote need not, if the shareholder votes, use all that shareholder's votes or cast all the votes used the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by that shareholder unless all amounts presently payable by that shareholder in respect of that share have been paid.

Where a shareholder vote is required to be taken in accordance with the Listing Rules, that vote must be decided by a resolution of the holders of the shares that have been admitted to the premium listing. Where the provisions of the Listing Rules require that any resolution must, in addition, be approved by the independent shareholders (as defined in the Listing



Rules), only independent shareholders who hold shares that have a premium listing shall be entitled to vote on the relevant resolution.

### 3.7 **Transfer of shares**

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned.

In their absolute discretion, the Directors may refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is admitted to trading on a market of the London Stock Exchange, such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a share in certificated form unless the instrument of transfer:

- is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- is in respect of only one class of share; and
- is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a share in uncertificated form in any case where the Company is entitled to refuse to register the transfer under the CREST Regulations provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the CREST Regulations send to the transferee notice of refusal.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any Benefit Plan Investor; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act and/or the US Exchange Act of 1934 and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Exchange Act of 1934; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Tax Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Directors may declare the Shareholder in question a "**Non-Qualified Holder**" and the Directors may require that any shares held by such Shareholder ("**Prohibited Shares**") (unless the Shareholder concerned satisfies the Directors that that

Shareholder is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

### 3.8 ***Distribution of assets on a winding-up***

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as the liquidator may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

### 3.9 ***Restrictions on rights: failure to respond to a section 793 notice***

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, fails to provide the information requested in a notice given to that shareholder under section 793 of the Act by the Company in relation to that shareholder's interest in shares (the "**default shares**") within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares (subject to certain exceptions).

### 3.10 ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder's shares if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque for amounts payable in respect of such shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the shareholder or person concerned.

### 3.11 ***Appointment of Directors***

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Board may also appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the Board is required to retire at the Company's next annual general meeting and shall then be eligible for reappointment.

### 3.12 ***Powers of Directors***

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

### 3.13 ***Voting at board meetings***

No business shall be transacted at any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which that Director is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not a Director shall, if the alternate's appointor is not present, be counted in the quorum.

Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chair of the meeting shall have a second or casting vote.

Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in a meeting can hear each other, by a series of telephone calls from the chair of the meeting or by exchange of communications in electronic form addressed to the chair of the meeting.

### 3.14 ***Restrictions on voting***

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which that Director has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless the Director's interest arises only because the case falls within certain limited categories specified in the Articles.

### 3.15 ***Directors' interests***

Subject to the provisions of the Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding the Director's office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested.

### 3.16 ***Indemnity***

Subject to the provisions of the Act, the Company may indemnify any person who is a Director, secretary or other officer (other than an auditor) of the Company, against (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by that person in relation to the Company or any associated company or (b) any other liability incurred by or attaching to that person in the actual or purported execution and/or discharge of that person's duties and/or the exercise or purported exercise of that person's powers and/or otherwise in relation to or in connection with that person's duties, powers or office; and purchase and maintain insurance for any person who is a Director, secretary or other officer (other than an auditor) of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, secretary or officer.

### 3.17 ***General meetings***

In the case of the annual general meeting, twenty-one clear days' notice at the least shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one clear days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen clear days has been passed in which case a general meeting may be convened by not less than fourteen clear days' notice in writing.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporation which is a shareholder (including for this purpose two persons who are proxies or corporate representatives of the same shareholder), shall be a quorum.

A shareholder is entitled to appoint another person as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at a meeting of the Company. A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Subject to the provisions of the Act, any corporation (other than the Company itself) which is a shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares.

Delivery of an appointment of proxy shall not preclude a shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are shareholders.

A poll on a resolution may be demanded at a general meeting either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. A poll may be demanded by the Chair or by: (a) not less than five members having the right to vote at the meeting; or (b) a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (c) a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The Directors may resolve to enable persons entitled to attend and participate in a general meeting to do so (wholly or partly) by simultaneous means and participation by means of a device, system, procedure, method or facility providing electronic means of attendance at or participation in (or both attendance at and participation in) a general meeting (an "**Electronic Facility**") and to determine the means, or all different means, of attendance and participation used in relation to the general meeting. A resolution put to the vote at a general meeting held wholly or partly by means of an Electronic Facility (or facilities) shall be decided on a poll, which poll votes may be cast by such electronic means as the Directors, in their sole discretion, deem appropriate for the purposes of the meeting.

Nothing in the Articles will prevent the Company from holding physical general meetings. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted to ensure the smooth operation of the Company in challenging operating circumstances where physical meetings are prohibited, or where the Board otherwise considers it in the best interests of Shareholders. The Company has no present intention of holding a wholly electronic general meeting and will endeavour to hold a physical general meeting where appropriate. Circumstances where the Company may utilise the ability to hold a wholly virtual general meeting include the circumstances referred to immediately above and in other similar circumstances, such as on the occurrence of the proliferation of disease, virus, infection or any other health related circumstance (such as, *inter alia*, an epidemic or pandemic) which leads to actual or anticipated changes in health related policy, guidance or legislation of the Government of England and Wales from time to time which, in the reasonable opinion of the Directors, renders the holding of a physical General Meeting not possible and/or undesirable in the interests of the health and safety of members attending such general meeting.

### 3.18 **C Shares and Deferred Shares**

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

- (1) The following definitions apply for the purposes of this paragraph 3.18 only:

**Calculation Date** means, in respect of each Notification Date:

- (i) in the event that the Company has published a NAV per Share in respect of each of the Ordinary Shares and the C Shares no earlier than three months prior to the Notification Date, the date of such publication; or
- (ii) otherwise, the date on which the Company next publishes a NAV per Share in respect of each of the Ordinary Shares and C Shares;

**Conversion** means conversion of a class of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 3.18(7) below;

**Conversion Date** means, in respect of each Notification Date:

- (i) in the event that the Company has published a NAV per Share in respect of each of the Ordinary Shares and the C Shares no earlier than three months prior to the Notification Date, such Business Day as may be selected by the Directors falling not more than 20 Business Days after the Notification Date; or
- (ii) otherwise, such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

**Conversion Ratio** is the ratio of the net asset value per C Share of the relevant class to the net asset value per Ordinary Share, which is calculated as:

$$\begin{aligned}\text{Conversion Ratio} &= \frac{A}{B} \\ A &= \frac{C - D}{E} \\ B &= \frac{F - C - I - G + D + J}{H}\end{aligned}$$

Where:

**C** is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares of the relevant class, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with the valuation policy adopted by the Company from time to time, but excluding the aggregate amount of any distributions paid to holders of the C Shares between the Calculation Date and the Conversion Date; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the relevant class of C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with the valuation policy adopted by the Company from time to time;

**D** is the amount (to the extent not otherwise deducted from the assets attributable to the relevant class of C Shares) which, in the Directors' opinion, fairly reflects the

amount of the liabilities of the Company attributable to the relevant class of C Shares on the Calculation Date (including the amounts of any declared but unpaid dividends in respect of such C Shares);

**E** is the number of C Shares of the relevant class in issue on the Calculation Date;

**F** is the aggregate of:

- (a) the value of all the investments of the Company, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with the valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with the valuation policy adopted by the Company from time to time;

**G** is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date (including the amounts of any declared but unpaid dividends);

**H** is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury);

**I** is the aggregate of:

- (a) the value of the investments of the Company attributable to all other class(es) of C Shares in issue other than the class of C Shares as referred to in C above (the "**Other Class(es) of C Shares**"), calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with the valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the Other Class(es) of C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with the valuation policy adopted by the Company from time to time; and

**J** is the amount (to the extent not otherwise deducted from the assets attributable to the Other Class(es) of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Other Class(es) of C Shares on the Calculation Date (including the amounts of any declared but unpaid dividends in respect of such C Shares),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Auditors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the relevant class of C Shares and/or to the reasons for the issue of the relevant class of C Shares;

**Deferred Shares** means deferred shares of 1 penny each in the capital of the Company arising on Conversion;

**Existing Ordinary Shares** means the Ordinary Shares in issue immediately prior to Conversion;

**Force Majeure Circumstances** means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

**Net Proceeds** means the net cash proceeds of the issue of the relevant class of C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company); and

**Notification Date** means the earliest of:

- (i) the day on which the Portfolio Manager shall have given notice to the Directors that at least 70 per cent. of the Net Proceeds have been invested and 85 per cent. of the Net Proceeds have been committed for investment (or, in each case, such other percentage as may be agreed between the Directors, the AIFM and the Portfolio Manager); or
  - (ii) the date falling 24 calendar months after the allotment of the relevant class of C Shares or if such a date is not a Business Day the next following Business Day; or
  - (iii) the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent, or otherwise resolve, after consultation with the AIFM and the Portfolio Manager, that it would be in the best interests of the Shareholders for Conversion to occur.
- (2) The holders of the Ordinary Shares, the Redeemable Preference Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:
- (a) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of one per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the "**Deferred Dividend**") being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 3.18(7) (the "**Relevant Conversion Date**") and thereafter on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Relevant Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;
  - (b) the C Shareholders of each class shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the relevant class of C Shares and from income received and accrued which is attributable as determined by the Directors to the relevant class of C Shares;



- (c) a holder of Redeemable Preference Shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend of 0.01 per cent. per annum on the nominal amount of the Redeemable Preference Shares held by that person, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period;
  - (d) the Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
  - (e) the Ordinary Shares into which C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
  - (f) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to such C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).
- (3) The holders of the Ordinary Shares, the Redeemable Preference Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
- (a) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date relating to such C Shares be applied (after having deducted therefrom an amount equivalent to (C-D) in respect of each class of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio above save that the "**Calculation Date**" shall be such date as the liquidator may determine, which amount attributable to each class shall be applied amongst the C Shareholders of such class *pro rata* according to the nominal capital paid up on their holdings of C Shares) first, amongst the Redeemable Preference Shareholders *pro rata* according to the nominal capital paid up on their holdings of Redeemable Preference Shares and, second, amongst the existing Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, provided however that the holders of the Redeemable Preference Shares shall only receive an amount up to the capital paid up on such Redeemable Preference Shares and the Redeemable Preference Shares shall not confer the right to participate in any surplus remaining following payment of such amount; and
  - (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
    - (i) first, if there are Deferred Shares in issue, in paying to the deferred shareholders 1 penny in aggregate in respect of every 1,000,000 Deferred Shares (or part thereof) of which they are respectively the holders; and
    - (ii) secondly, the surplus shall be divided, first, amongst the Redeemable Preference Shareholders *pro rata* according to the nominal capital paid up on their holdings of Redeemable Preference Shares and, second, amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares, provided however that the holders of the Redeemable Preference Shares shall only receive an amount up to the capital paid up on such Redeemable Preference Shares and the Redeemable Preference Shares shall not

confer the right to participate in any surplus remaining following payment of such amount.

- (4) As regards voting:
  - (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and
  - (b) the Deferred Shares and the Redeemable Preference Shares shall not carry any right to receive notice of or attend or vote at any general meeting of the Company.
- (5) The following provisions shall apply to the Deferred Shares:
  - (a) C Shares shall be issued on such terms that the Deferred Shares arising upon their Conversion may be repurchased by the Company in accordance with the terms set out herein;
  - (b) immediately upon a Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of that Conversion for an aggregate consideration of 1 penny for every 1,000,000 Deferred Shares and the notice referred to in paragraph 3.18(7)(b) below shall be deemed to constitute notice to each C Shareholder of the relevant class (and any person or persons having rights to acquire or acquiring C Shares of the relevant class on or after the Calculation Date) that the relevant Deferred Shares shall be repurchased immediately upon the relevant Conversion for an aggregate consideration of 1 penny for every 1,000,000 Deferred Shares. On repurchase, each such Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and
  - (c) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.
- (6) For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:
  - (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares in issue;
  - (b) allocate to the assets attributable to each class of C Shares in issue such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to each class of C Shares in issue (both dates inclusive) as the Directors consider to be attributable to the relevant C Shares; and
  - (c) give or procure the giving of appropriate instructions to the Portfolio Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

- (7) A class of C Shares for the time being in issue shall be sub-divided and converted into new Ordinary Shares and Deferred Shares on the Conversion Date relating to such class of C Shares in accordance with the following provisions of this paragraph 3.18(7):
- (a) the Directors shall procure that within 10 Business Days of the Calculation Date:
    - (i) the Conversion Ratio as at the Calculation Date and the numbers of new Ordinary Shares and Deferred Shares to which each C Shareholder of the relevant class shall be entitled on Conversion shall be calculated; and
    - (ii) the Auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are converting into the Company's shares, subject to the proviso immediately after the definition of "J" in paragraph 3.18(1) above;
  - (b) the Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C Shareholder of the relevant class, as applicable, advising such C Shareholder of the Conversion Date, the Conversion Ratio and the numbers of new Ordinary Shares and Deferred Shares to which such C Shareholders will be entitled on Conversion;
  - (c) on Conversion each C Share of the relevant class in issue as at the Conversion Date shall automatically sub-divide into 10 conversion shares of 1 penny each and such conversion shares of 1 penny each shall automatically convert into such number of new Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
    - (i) the aggregate number of new Ordinary Shares into which the same number of conversion shares of 1 penny each are converted equals the number of C Shares of the relevant class in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and
    - (ii) each conversion share of 1 penny which does not so convert into a new Ordinary Share shall convert into one Deferred Share;
  - (d) the new Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C Shareholders of the relevant class *pro rata* according to their respective former holdings of C Shares of the relevant class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to new Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any new Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);
  - (e) forthwith upon Conversion, the share certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each relevant former C Shareholder of the relevant class new certificates in respect of the new Ordinary Shares which have arisen upon Conversion to which that person is entitled. Share certificates will not be issued in respect of the Deferred Shares; and
  - (f) the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

### 3.19 **Redemption**

The Company may by notice in writing and upon tendering to a registered holder of Redeemable Preference Shares the amount of capital paid up thereon, redeem any Redeemable Preference Shares at any time and in any event no later than 31 December 2021 (subject to the provisions of the Act) and such holder shall be bound to deliver up any certificate which may have been representing the same. Upon redemption, the name of the registered holder shall be removed from the Register. Each Redeemable Preference Share which is redeemed shall thereafter be cancelled.

## **4. Interests of Directors, major shareholders and related party transactions**

- 4.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Share capital*</i>
Susannah Nicklin	10,000	0.01
Mike Balfour	10,000	0.01
James B. Broderick	10,000	0.01
Alice Chapple	10,000	0.01

\* Assuming the issued share capital of the Company at Admission is 100 million Ordinary Shares.

Save as disclosed in this paragraph, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

Following Initial Admission, the Directors currently expect to reinvest a proportion of the fees to which they are entitled in respect of their directorships of the Company into the purchase of Ordinary Shares in the Company.

- 4.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles.

There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

- 4.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chair of the Board, the initial fees will be £30,000 per annum for each Director plus an additional annual fee of £5,000 per annum for the chair of the Audit Committee. The Chair's initial fee will be £40,000 per annum.

There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

- 4.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

- 4.5 Over the five years preceding the date of this Prospectus, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Susannah Nicklin	Amati AIM VCT plc Baronsmead Venture Trust plc Ecofin Global Utilities and Infrastructure Trust plc Pantheon International plc The North American Income Trust plc	Apprecie Limited Baronsmead VCT plc City of London Investment Group plc City of London Investment Management Company Limited Curateur Limited
Mike Balfour	Fidelity China Special Situations plc Standard Life Investments Property Holdings Limited Standard Life Investments Property Income Trust plc Standard Life Investments (Slipit Nominee) Limited Standard Life Investments Slipit (General Partner) Limited	Archangels Investments LLP CG Wealth Planning Limited Martin Currie Global Portfolio Trust plc Murray Income Trust plc Perpetual Income and Growth Investment Trust plc* The Honourable Company of Edinburgh Golfers (Management) Limited Thomas Miller Investment Ltd. Thomas Miller Investment Holdings Ltd
James B. Broderick	Impact Investing Institute	UBS Optimus Foundation UK
Alice Chapple	Connected Asset Management Limited Frontier Finance Solutions Impact Value Limited Investor Watch Private Infrastructure Development Group Sainsbury's Foundation Shell Foundation The Walcot & Hayle's Trustee Walcot Projects Limited	Carbon Tracker Initiative Limited Forum for the Future

\* Placed into members' voluntary liquidation on 17 November 2020.

4.6 Save as disclosed in paragraph 4.5 above, the Directors in the five years before the date of this Prospectus:

- do not have any convictions in relation to fraudulent offences;
- have not been associated with any bankruptcies, receiverships, liquidations or administrations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

- 4.7 As at the date of this Prospectus, insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.
- 4.8 On completion of the Acquisition, which is conditional upon Initial Admission, up to 25 million Consideration Shares<sup>23</sup> will be issued to the Portfolio Manager in part consideration for the Acquisition by the Company of the Initial Portfolio. Accordingly, upon Initial Admission the Portfolio Manager is expected to hold 25 per cent. of the voting share capital of the Company.
- 4.9 Schroder & Co. Ltd has informed the Company of its intention to subscribe for Ordinary Shares in the Initial Placing on behalf of their clients representing £17.5 million or 17.5 per cent. of the Company's issued share capital on Initial Admission. The final subscription amount will be subject to final demand of the clients of Schroder & Co. Ltd and the final number of Ordinary Shares to be issued by the Company pursuant to the Initial Issue. Accordingly, upon Initial Admission Schroder & Co. Ltd is expected to hold approximately 17.5 per cent. of the voting share capital of the Company.
- 4.10 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.
- 4.11 Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by a member of the Schroder Group, as described in paragraphs 2.1 and 2.2 of this Part 12 above.
- 4.12 Save as disclosed in paragraph 4.11 above, the Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 4.13 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 4.14 Save for the entry into of the AIFM Agreement, the Portfolio Management Agreement and the Acquisition Agreement, the Company has not entered into any related party transaction at any time since incorporation.
- 4.15 As at the date of this Prospectus, none of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and that Director's private interests and any other duties. The AIFM, the Portfolio Manager, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## 5. Investment restrictions

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 2 of this Prospectus.

In order to comply with the Listing Rules, the Company will invest:

- (1) no more than 10 per cent., in aggregate, of Gross Assets in other listed closed-ended investment funds; provided that

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<sup>23</sup> Assuming the issued share capital of the Company at Admission is 100 million Ordinary Shares.

- (2) the restriction in paragraph (1) above does not apply to investments in closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds.

Notwithstanding paragraph (2) above, the Company will not invest more than 15 per cent., in aggregate, of Gross Assets in other listed closed-ended investment funds.

In the event of a breach of the investment policy set out in Part 2 of this Prospectus and the investment and gearing restrictions set out therein, the Portfolio Manager shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

## **6. Material contracts**

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this Prospectus; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

### **6.1 Placing Agreement**

Pursuant to the Placing Agreement dated 23 November 2020 between the Company, the Directors, the AIFM, the Portfolio Manager and Winterflood, Winterflood has, subject to certain conditions, agreed to use its reasonable endeavours to procure subscribers for Shares pursuant to the Initial Placing and any Subsequent Placing.

The Placing Agreement may be terminated by Winterflood in certain customary circumstances prior to Initial Admission or, as applicable, a Subsequent Admission. The Company has appointed Winterflood as sponsor, financial adviser and placing agent to the Company in connection with the Issue.

The obligation of Winterflood to use its reasonable endeavours to procure subscribers for Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, *inter alia*: (i) in respect of the Initial Placing, Admission of the Ordinary Shares occurring and becoming effective by 8.00 a.m. on or prior to 22 December 2020 (or such later time and/or date as the Company, the AIFM and Winterflood may agree and, in any event, no later than 8.00 a.m. on 31 March 2021), (ii) in the case of any Subsequent Placing, any Admission of Shares occurring not later than 8.00 a.m. on such dates as may be agreed between the Company, the AIFM and Winterflood prior to the closing of each Subsequent Placing, not being later than 22 November 2021, and (iii) the Placing Agreement not having been terminated in accordance with its terms.

For its services in connection with the Issue and provided that the Placing Agreement becomes wholly unconditional and as to the relevant issue of Shares is not terminated, Winterflood will be entitled to a fee in relation to its role as sponsor, payable on Initial Admission, and will be entitled to commission (together with any VAT chargeable thereon) based on the aggregate value, at the relevant Placing Programme Price, of the Shares issued pursuant to any Subsequent Placing. Winterflood is entitled at its discretion and out of its own resources at any time to retain agents in relation to the Issue, and may rebate any part of its fees and/or commission to any third party. In addition, Winterflood is entitled to be reimbursed for all properly incurred costs, charges fees and expenses in connection with, or incidental to, the Issue and the arrangements contemplated by the Placing Agreement.



The Company, the Directors, the AIFM and the Portfolio Manager have given warranties to Winterflood concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company, the AIFM and the Portfolio Manager have also given indemnities to Winterflood. The warranties and indemnities given in the agreement are standard for an agreement of this nature.

The Placing Agreement is governed by the laws of England and Wales.

## 6.2 **AIFM Agreement**

The AIFM Agreement between the Company and the AIFM dated 23 November 2020, pursuant to which the AIFM has agreed to act as the Company's alternative investment fund manager for the purposes of the AIFM Rules and to provide certain company secretarial, administrative and marketing services to the Company.

Under the agreement, the AIFM shall provide all of the usual and necessary services of a manager of an investment trust including such risk management, portfolio management, accounting, administrative, consultancy, advisory, company secretarial and general management services as are necessary for this purpose and to enable, so far as the AIFM is able, the Company to comply with the requirements of the Act and any other applicable legislation and regulations (including the Listing Rules, Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules and MAR) and otherwise as may be agreed between the AIFM and the Company from time to time. This will include general fund administration services (including calculation of the NAV), bookkeeping and accounts preparation.

Under the terms of the AIFM Agreement, the AIFM is entitled to a fee, details of which are set out in Part 8 of this Prospectus under the sub-heading "*Ongoing annual expenses*". The AIFM will also be entitled to reimbursement of all of its out of pocket expenses properly incurred in respect of the performance of its obligations under the agreement.

The AIFM Agreement is terminable by either the Company or the AIFM giving to the other not less than 12 months' written notice, such notice not to expire earlier than the fifth anniversary of Initial Admission. The AIFM Agreement may be terminated by either the Company or the AIFM on six months' notice in writing, not to expire before the termination of the Portfolio Management Agreement, if notice to terminate the Portfolio Management Agreement has been served. The AIFM Agreement may also be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material breach which fails to be remedied within 30 days of receipt of notice, if the AIFM ceases to be authorised for the purposes of FSMA or no longer has permission from the FCA to act as AIFM of the Company, if there is a change of control of the AIFM, or if the Company or the AIFM is required to do so by any relevant regulatory authority.

The Company has agreed to indemnify the AIFM against all claims by third parties which may be made against the AIFM in connection with its services under the agreement, except such as may arise directly from the fraud, wilful default or gross negligence of the AIFM or its delegates or any of their respective representatives or from any material breach of the agreement or the rules of the FCA by the AIFM or its delegates or any of their respective representatives.

The AIFM Agreement is governed by the laws of England and Wales.

## 6.3 **Portfolio Management Agreement**

A Portfolio Management Agreement dated 23 November 2020 between the Company, the AIFM and the Portfolio Manager, pursuant to which the Portfolio Manager is appointed to act as portfolio manager of the Company with responsibility for portfolio management of the Company's investments.

Under the terms of the Portfolio Management Agreement, the Portfolio Manager will be entitled to a management fee, details of which are set out in Part 8 of this Prospectus under the sub-heading “*Ongoing annual expenses*”. The Portfolio Manager will also be entitled to reimbursement of all of its out of pocket expenses properly incurred in respect of the performance of its obligations under the agreement.

The Portfolio Management Agreement is terminable by any of the Portfolio Manager, the AIFM or the Company giving to the other parties not less than 12 months’ written notice, such notice not to expire earlier than the fifth anniversary of Initial Admission. The Portfolio Management Agreement will terminate automatically on termination of the AIFM Agreement except in certain circumstances in which the Company has appointed a replacement alternative investment fund manager and the agreement is novated. The Portfolio Management Agreement may also be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material breach which fails to be remedied within 30 days of receipt of notice, if the Portfolio Manager ceases to maintain any permission from the FCA or hold any authorisation required for the performance of its obligations under the agreement, or if the Company or the AIFM is required to do so by any relevant regulatory authority.

The Company has agreed to indemnify the Portfolio Manager against all claims by third parties which may be made against the Portfolio Manager in connection with its services under the agreement, except such as may arise directly from the fraud, bad faith, wilful default or gross negligence of the Portfolio Manager or any of its representatives or from any material breach of the agreement or the rules of the FCA by the Portfolio Manager or any of its representatives.

The Portfolio Management Agreement is governed by the laws of England and Wales.

#### 6.4 ***Depositary Agreement***

The Depositary Agreement dated 23 November 2020, between the Company, the AIFM and the Depositary, pursuant to which the Depositary is appointed as the Company’s depositary.

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid the fees identified in paragraph 4.3 of Part 8 of this Prospectus. The Depositary Agreement provides for the Depositary to be indemnified by the Company and the AIFM in respect of any and all losses, damages, costs, charges, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever brought against, suffered or incurred by the Depositary, save for any such liabilities arising out of the negligence, fraud or wilful default of the Depositary.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFMD, the Depositary may delegate its safe-keeping functions in relation to financial instruments and other assets of the Company. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of securities by the Depositary or a third party to whom the custody of securities has been delegated. The Depositary may discharge its responsibility in case of a loss of a security: (i) in the event that the loss is not the result of any act or omission of the Depositary or the delegate; (ii) the Depositary could not have reasonably prevented the occurrence of the event that led to the loss despite adopting precautions incumbent on a diligent depositary as reflected in common industry practice; (iii) the Depositary could not have prevented the loss in spite of undertaking rigorous and comprehensive due diligence; or (iv) where it has contractually discharged its responsibility in compliance with the AIFMD. Otherwise than in respect of a loss of a financial instrument held in custody, the Depositary shall only be liable for damages suffered by the Company as a direct result of the Depositary’s gross negligence or fraud. Except insofar as required under the AIFMD, indirect and/or consequential damages are excluded. The Depositary shall be entitled to refuse to perform any duty or obligation in the Depositary Agreement or to follow any instruction issued by the Company or the AIFM that in the Depositary’s reasonable opinion

is improper, unauthorised, that conflicts with applicable law or the Company's Articles or that are not given by those identified to the Depositary as having authority to sign proper instructions.

The Depositary Agreement is terminable by the Company, the AIFM or the Depositary giving to the other parties not less than 90 days' written notice. In addition, either the Company or the AIFM (on the one hand) or the Depositary (on the other) may terminate the agreement on immediate notice in the event that the other party (i) has materially broken or is in material breach of any terms of the Depositary Agreement and has not remedied such breach within 30 days of receiving a notice requiring it to do the same; (ii) has gone into liquidation, or (iii) has ceased to be authorised by the FCA, for its activities under the agreement or has otherwise committed a material breach of applicable law, or (iii) has materially defaulted on its obligations under the agreement and such default was not remedied within two weeks following notice thereof (or such other time period as may be agreed).

The Depositary Agreement is governed by the laws of England and Wales.

#### 6.5 **Registrar Agreement**

The Registrar Agreement between the Company and the Registrar dated 23 November 2020, pursuant to which the Registrar has been appointed as registrar to the Company.

The Registrar Agreement shall continue until terminated by either party on at least 12 months' written notice. In addition, either party may terminate the Registrar Agreement if the other commits a material breach of any of its obligations under the agreement and which (if the breach is capable of remedy) it has failed to remedy within 30 days of written notice, and in certain standard insolvency events.

The Registrar shall be entitled to receive a fee, details of which are set out in Part 8 of this Prospectus under the sub-heading "*Ongoing annual expenses*". The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses incurred in connection with the provision of services under the Registrar Agreement.

The Registrar Agreement limits the Registrar's liability thereunder to an amount equal to the annual fee payable to the Registrar pursuant to the Registrar Agreement. The Company has agreed to indemnify, defend and hold harmless the Registrar, its affiliates and their respective directors, officers, employees and agents from and against all losses, damages, liabilities, professional fees (including but not limited to legal fees), court costs and expenses resulting or arising from the Company's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the agreement, except to the extent such losses are determined to have resulted solely from fraud, wilful default or negligence on the Registrar's part.

The Registrar Agreement is governed by the laws of England and Wales.

#### 6.6 **Receiving Agent Agreement**

The Receiving Agent Agreement between the Company and the Receiving Agent dated 23 November 2020, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Initial Issue.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to customary professional advisory and activity fees. The Receiving Agent will also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Agreement limits the Receiving Agent's liability thereunder to the higher of £100,000 or an amount equal to four times the total fees payable to the Receiving Agent pursuant to the Receiving Agent Agreement. The Company has agreed to be liable to the

Receiving Agent for any direct loss, liability or reasonable expense including the costs and expenses of defending any claim or liability incurred by the Receiving Agent without wilful default, gross negligence or fraud, on the Receiving Agent's part arising out of or in connection with its services. The Receiving Agent has agreed to indemnify and hold harmless the Company against losses, damages, costs or expenses (including reasonable legal expenses) that are suffered or incurred by the Company as a result of a third party claim against the Company to the extent that such losses are directly caused by the Receiving Agent's fraud, gross negligence or wilful default relating to its services under the agreement.

The Receiving Agent Agreement is governed by the laws of England and Wales.

#### **6.7 Acquisition Agreement**

The Acquisition Agreement dated 23 November 2020 between the Company and the Portfolio Manager, pursuant to which the Company has agreed to acquire the Initial Portfolio, conditional on Initial Admission.

The terms of the Acquisition are summarised at paragraph 1.2 of Part 6 of this Prospectus.

The Acquisition Agreement is governed by the laws of England and Wales.

#### **6.8 Lock-In Agreement**

The Lock-In Agreement dated 23 November 2020 between the Portfolio Manager, the Company and Winterflood by which the Portfolio Manager has agreed that it will not, without the prior written consent of the Company and Winterflood, sell, grant options over or otherwise dispose of any interest in the Consideration Shares issued to the Portfolio Manager pursuant to the Acquisition of the Initial Portfolio prior to the second anniversary of Initial Admission. The Lock-in Agreement also contains certain orderly market provisions on standard terms for agreements of this type.

The Lock-In Agreement contains certain standard carve-outs to the above restrictions including for disposals (i) in acceptance of a general offer made for the entire or part issued share capital of the Company, (ii) pursuant to an intervening court order or as required by any other competent authority, (iii) at a time when the shares are no longer admitted to trading on the London Stock Exchange or to listing on the Official List or to listing or trading on any other stock exchange, (iv) pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986, or a compromise or arrangement under Part 26 of the Act, (v) pursuant to a decision by an administrator, administrative receiver or liquidator to wind up or liquidate the Portfolio Manager, (vi) following the passing of a resolution to wind-up the Company, or (vii) pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all holders of shares. In the event that the Portfolio Management Agreement is terminated, the Lock-in Agreement will terminate immediately.

The Lock-In Agreement is governed by the laws of England and Wales.

### **7. Litigation**

There are no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

### **8. Significant change**

As at the date of this Prospectus, there has been no significant change in the financial position or financial performance of the Company since 24 September 2020, the date of its incorporation.

## **9. Working capital**

The Company is of the opinion that, taking into account the Minimum Net Cash Proceeds, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.

If the Minimum Net Cash Proceeds are not raised, the Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

## **10. Capitalisation and indebtedness**

As at the date of this Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and there have been no material changes to the Company's capitalisation from the date of incorporation to the date of this Prospectus.

## **11. General**

- 11.1 Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company 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.
- 11.2 The Portfolio Manager has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name and to the information referred to at paragraph 11.3 below, each in the form and context in which they appear.
- 11.3 The Portfolio Manager accepts responsibility for the information attributed to it in this Prospectus, including without limitation the information contained in Parts 3, 4 and 5 of this Prospectus, and declares that the information attributed to it in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Portfolio Manager authorises the contents of such information for the purposes of the Prospectus Regulation Rules and all such information is included in this Prospectus, in the form and context in which it appears, with the consent of the Portfolio Manager.
- 11.4 The AIFM has given and not withdrawn its written consent to the publication of this Prospectus with the inclusion of its name and references to it in the form and context in which they appear.
- 11.5 Winterflood has given and not withdrawn its written consent to the publication of this Prospectus with the inclusion of its name and references to it in the form and context in which they appear.
- 11.6 Duff & Phelps, LLC has given and not withdrawn its written consent to the publication of this Prospectus with the inclusion of its name and references to it in the form and context in which they appear. Duff & Phelps, LLC has given and not withdrawn its written consent to the inclusion in this Prospectus of the information and opinions contained in Part 7 (*Valuation Opinion*).
- 11.7 The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 100 million Ordinary Shares, the fundraising is expected to increase the net assets of the Company by approximately £98.72 million. The effect of any Subsequent Placing under the Placing Programme will be to increase the net assets of the Company. On the assumption that the Placing Programme is subscribed as to 100 million Shares, at a Placing Programme Price of 100 pence per Share, the Placing Programme is expected to increase the net assets of the Company by approximately £98.8 million.

## **12. Auditors**

The auditors to the Company are BDO LLP whose registered office is at 55 Baker Street, London W1U 7EU, United Kingdom. BDO LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales.

## **13. Depositary**

HSBC Bank plc, whose registered office is located at 8 Canada Square, London E14 5HQ, United Kingdom, acts as the Company's depositary and will safeguard all of the assets of the Company. The Depositary is a public company limited by shares, registered in England and Wales with number 00014259 and was incorporated on 1 July 1880. The Depositary's telephone number is +44 (0)207 991 8888. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The principal business of the Depositary is the provision of custodial, banking and related financial services.

## **14. Documents on display**

The following documents will be available on the Company's website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi) and for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH until the date of Admission:

14.1 this Prospectus; and

14.2 the memorandum of association of the Company and the Articles.

Dated 23 November 2020

## PART 13

### TERMS AND CONDITIONS OF APPLICATION UNDER THE INITIAL PLACING AND ANY SUBSEQUENT PLACING UNDER THE PLACING PROGRAMME

#### 1. Introduction

- 1.1 Each Placee which confirms its agreement to the Company and/or Winterflood to subscribe for Shares under a Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or Winterflood may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit.
- 1.3 The commitment to acquire Shares under a Placing will be agreed orally with Winterflood as agent for the Company and further evidenced in a contract note ("**Contract Note**") or placing confirmation ("**Placing Confirmation**") or any subscription letter.

#### 2. Agreement to subscribe for Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it at the Issue Price or, as applicable, at the relevant Placing Programme Price, conditional on:
  - 2.1.1 the Placing Agreement becoming unconditional in respect of the relevant Placing (save for any condition relating to an Admission) and not having been terminated on or before the date of Admission of the relevant Shares being issued;
  - 2.1.2 in respect of the Initial Placing, Admission of the Ordinary Shares occurring and becoming effective by 8.00 a.m. on or prior to 22 December 2020 (or such later time and/or date as the Company and Winterflood may agree and, in any event, no later than 8.00 a.m. on 31 March 2020);
  - 2.1.3 in respect of the Initial Placing, the Minimum Issue Size (or such lower amount as the Company and Winterflood may agree) being achieved;
  - 2.1.4 in the case of any Subsequent Placing, any Admission of Shares occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and Winterflood prior to the closing of each Placing, not being later than 22 November 2020;
  - 2.1.5 in the case of any Subsequent Placing, the relevant Placing Programme Price being determined by the Directors;
  - 2.1.6 a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and
  - 2.1.7 the Company having in place appropriate Shareholder authorities to issue such Shares.
- 2.2 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.



- 2.3 If the Minimum Issue Size (or such lesser amount as the Company and Winterflood may agree) is not achieved, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.

### **3. Payment for Shares**

- 3.1 Each Placee must pay the Issue Price or the relevant Placing Programme Price for the Shares issued to the Placee, as applicable, in the manner and by the time directed by Winterflood. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Shares may, at the discretion of Winterflood, as appropriate, either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price or the relevant Placing Programme Price for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Winterflood elects to accept that Placee's application, Winterflood may sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Winterflood's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf.

### **4. Representations and warranties**

By agreeing to subscribe for Shares, each Placee which enters into a commitment to subscribe for Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the AIFM, the Portfolio Manager, the Registrar and Winterflood that:

- 4.1 in agreeing to subscribe for Shares under the Initial Placing and/or any Subsequent Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or any Placing. It agrees that none of the Company, the AIFM, the Portfolio Manager, Winterflood or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under a Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, the AIFM, the Portfolio Manager, Winterflood or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with any Placing;

- 4.3 it has carefully read and understands the Prospectus and any supplementary prospectus issued by the Company in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 13 and, as applicable, in the Contract Note or Placing Confirmation and any subscription letter and the Articles as in force at the date of Admission of the relevant Shares and agrees that in accepting a participation in any Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the Shares;
- 4.4 it has not relied on Winterflood or any person affiliated with Winterflood in connection with any investigation of the accuracy of any information contained in the Prospectus and/or any supplementary prospectus issued by the Company and it has relied on its own investigation with respect to the Shares and the Company in connection with its investment decision;
- 4.5 the content of the Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and, to the extent stated in paragraph 11.3 of Part 12 of this Prospectus, the Portfolio Manager, and neither Winterflood nor any person acting on their respective behalf nor any of their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in the Prospectus or any supplementary prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in any Placing based on any information, representation or statement contained in the Prospectus or any supplementary prospectus issued by the Company or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with any Placing to give any information or make any representation other than as contained in the Prospectus and/or any supplementary prospectus issued by the Company and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the AIFM, the Portfolio Manager or Winterflood;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8 its commitment to acquire Shares under any Placing will be agreed orally or in writing (which shall include by email) with Winterflood as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Winterflood as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Winterflood to subscribe for the number of Shares allocated to it and comprising its Placing Commitment at the Issue Price or the relevant Placing Programme Price on the terms and conditions set out in this Part 13 and, as applicable, in the Contract Note or Placing Confirmation and any subscription letter and in accordance with the Articles in force as at the date of any Admission. Except with the consent of Winterflood such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.9 its allocation of Shares under any Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Winterflood as agent for the Company. The terms of this Part 13 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.10 settlement of transactions in the Shares following any Admission will take place in CREST but Winterflood reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract

Note or Placing Confirmation, in any subscription letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;

- 4.11 it accepts that none of the Shares has been or will be registered under the laws of, or with any securities regulatory authority of, the United States, any member state of the EEA (other than any EEA member state, including the United Kingdom, where the Shares are lawfully marketed), Australia, Canada, the Republic of South Africa or Japan (each a "**Restricted Jurisdiction**"). Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.12 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Shares may otherwise lawfully be offered under such Order or is a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.13 if it is a resident in the EEA: (a) (other than in the United Kingdom to which this paragraph 4.13 shall not apply) it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation; and (b) it is a person to whom the Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of the Member State;
- 4.14 in the case of any Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in Article 5(1) of the Prospectus Regulation: (a) the Shares acquired by it in a Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of Winterflood has been given to the offer or resale; or (b) where Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 4.15 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no documents are being issued by Winterflood in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved as a financial promotion by an authorised person;
- 4.16 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- 4.17 it acknowledges that no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of the Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.18 it: (i) is entitled to subscribe for the Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities

to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;

- 4.19 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with any Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to a Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.20 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- 4.21 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Shares under a Placing and will not be any such person on the date any such agreement to subscribe under the Placing is accepted;
- 4.22 it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation with respect to anything done by it in relation to any Placing and/or the Shares;
- 4.23 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other offering materials concerning a Placing or the Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.24 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "*United States purchase and transfer restrictions*" in paragraph 7 below;
- 4.25 it acknowledges that neither Winterflood nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with a Placing or providing any advice in relation to a Placing and participation in any Placing is on the basis that it is not and will not be a client of Winterflood and that Winterflood does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to any Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under any Placing;
- 4.26 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the Shares for each such account; (b) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (c) to receive on behalf of each such account any documentation relating to the relevant Placing in the form provided by the Company and/or Winterflood. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.27 it acknowledges that, save in the event of fraud on the part of Winterflood or any person acting on Winterflood's behalf, neither Winterflood, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of its directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of its role as bookrunner or otherwise in connection with any Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

- 4.28 if it is acting as a “distributor” (for the purposes of the MiFID II Product Governance Requirements):
- 4.28.1 it acknowledges that the Target Market Assessment undertaken by the AIFM and Winterflood does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels;
  - 4.28.2 notwithstanding any Target Market Assessment undertaken by the AIFM and Winterflood, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market;
  - 4.28.3 it acknowledges that the price of the Shares may decline and Shareholders could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
  - 4.28.4 it agrees that if so required by Winterflood, the AIFM or the Portfolio Manager, it shall provide aggregate summary information on sales of the Shares as contemplated under rule 3.3.30(R) of the PROD Sourcebook and information on the reviews carried out under rules 3.3.26(R) to 3.3.28(R) of the PROD Sourcebook;
- 4.29 it irrevocably appoints any director of the Company and any director of Winterflood to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under a Placing, in the event of its own failure to do so;
- 4.30 it accepts that if a Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange’s main market for any reason whatsoever then none of Winterflood nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.31 in connection with its participation in a Placing it has observed all relevant legislation and regulations;
- 4.32 it acknowledges that Winterflood and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.33 the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Winterflood and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify Winterflood and the Company;

- 4.34 where it or any person acting on behalf of it is dealing with Winterflood, any money held in an account with Winterflood on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Winterflood to segregate such money, as that money will be held by Winterflood under a banking relationship and not as trustee;
- 4.35 any of its clients, whether or not identified to Winterflood, will remain its sole responsibility and will not become clients of Winterflood for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.36 it authorises Winterflood to deduct from the total amount subscribed under a Placing the aggregate commission (if any) payable on the number of Shares allocated under such Placing;
- 4.37 the commitment to subscribe for Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of a Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of a Placing;
- 4.38 it accepts that the allocation of Shares shall be determined by the Company in its absolute discretion (in consultation with Winterflood, the AIFM and the Portfolio Manager) and that the Company may scale down any commitments for this purpose on such basis as it may determine;
- 4.39 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under a Placing; and
- 4.40 it acknowledges that the Company reserves the right to reject all or part of any offer to purchase Shares for any reason. The Company also reserves the right to sell fewer than all of the Shares offered by this Prospectus or to sell to any purchaser less than all of the Shares a purchaser has offered to purchase.

## 5. Money laundering

Each Placee:

- 5.1 represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**Money Laundering Regulations**") and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the Money Laundering Regulations and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Shares comprising the Placee's allocation may be retained at Winterflood's discretion; and
- 5.2 acknowledges and agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Winterflood and/or the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Winterflood and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis.

## 6. Data Protection

- 6.1 Each Placee acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the "**DP Legislation**") the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice, which is available for review on the Company's website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi) (the "**Privacy Notice**"), including for the purposes set out below (collectively, the "**Purposes**"), being to:
  - 6.1.1 process the personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with the Placee's holding of Shares, including processing personal data in connection with credit and money laundering checks on the Placee;
  - 6.1.2 communicate with the Placee as necessary in connection with its affairs and generally in connection with its holding of Shares;
  - 6.1.3 to comply with the legal and regulatory obligations of the Company, and/or the Registrar; and
  - 6.1.4 process the personal data for the Registrar's internal administration.



- 6.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- 6.2.1 third parties located either within, or outside of the UK and/or the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Shares; or
  - 6.2.2 its affiliates, the Company (in the case of the Registrar) or the AIFM or the Portfolio Manager and their respective associates, some of which may be located outside of the UK and the EEA.
- 6.3 Any sharing of personal data by the Company or the Registrar with other parties will be carried out in accordance with the DP Legislation and as set out in the Company's Privacy Notice.
- 6.4 By becoming registered as a holder of Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each Placee hereby represents and warrants to the Registrar that it has (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice and any other data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP legislation, it has obtained the consent of any data subject to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).
- 6.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person, such person has read and understood the terms of the Company's Privacy Notice.
- 6.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- 6.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Shares; and
  - 6.6.2 the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 6.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to a Placing:
- 6.7.1 comply with all applicable data protection legislation;
  - 6.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
  - 6.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

- 6.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

## **7. United States purchase and transfer restrictions**

- 7.1 By participating in a Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the AIFM, the Portfolio Manager, the Registrar and Winterflood that:
- 7.1.1 it is not a US Person and it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Shares for the account or benefit of a US Person;
- 7.1.2 it acknowledges that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- 7.1.3 it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 7.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 7.1.5 if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

**"SCHRODER BSC SOCIAL IMPACT TRUST PLC (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.";**

- 7.1.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.1.7 it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 7.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Shares or interests in accordance with the Articles;
- 7.1.9 it acknowledges and understands that the Company is required to comply with UK law and regulation implementing various intergovernmental agreements relating to the automatic exchange of information for international tax compliance ("**Exchange of Information Requirements**"). It agrees to furnish any information and documents, which the Company may from time to time request for the purpose of compliance with the Exchange of Information Requirements and it further consents to allowing and authorising the Company to disclose and supply any information, forms or documentation to HMRC (who may, if required, in turn pass it on to the tax authorities of any other relevant jurisdiction) and, to the extent relevant it shall procure that the beneficial owner of the Shares provides such consent and authorisation to the Company in respect of any such information forms or documents relating to it;
- 7.1.10 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the AIFM, the Portfolio Manager, the Registrar, Winterflood or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with any Placing or its acceptance of participation in any Placing;
- 7.1.11 it has received, carefully read and understands this Prospectus and any supplementary prospectus issued by the Company, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and

- 7.1.12 if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgments and agreements on behalf of each such account.
- 7.2 The Company, the AIFM, the Portfolio Manager, the Registrar, Winterflood and their respective directors, officers, agents, employees, members, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
- 7.3 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Winterflood.

## **8. Supply and disclosure of information**

If Winterflood, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under a Placing, such Placee must promptly disclose it to them.

## **9. Miscellaneous**

- 9.1 The rights and remedies of the Company, the AIFM, the Portfolio Manager, Winterflood and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with a Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 9.3 Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to a Placing, have been acquired by the Placee. The contract to subscribe for Shares under a Placing and the appointments and authorities mentioned in the Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the AIFM, the Portfolio Manager, Winterflood and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 9.4 In the case of a joint agreement to subscribe for Shares under a Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 9.5 Winterflood and the Company expressly reserve the right to modify any Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined.
- 9.6 A Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 6.1 of Part 12 of this Prospectus.

## **PART 14**

### **TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION UNDER THE INITIAL ISSUE**

#### **1. Introduction**

- 1.1 Ordinary Shares are available under the Offer for Subscription at the Issue Price. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Applications to acquire Ordinary Shares must be made on the Offer for Subscription Application Form attached as the Appendix to this Prospectus or otherwise published by the Company.

#### **2. Offer for Subscription to acquire shares**

- 2.1 By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
  - 2.1.1 offer to subscribe for such number of new Ordinary Shares (rounded down to the nearest whole number) as shall have an aggregate value, at the Issue Price, equal (as nearly as practicable) to the amount specified in Box 1 of your Application Form, or such lesser number for which such application is accepted, on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
  - 2.1.2 agree that, in consideration for the Company agreeing that it will not offer any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
  - 2.1.3 undertake to pay the Issue Price for the Ordinary Shares (in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Winterflood against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);

- 2.1.4 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a) the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Receiving Agent, the Company or Winterflood may authorise your financial adviser or whoever the financial adviser may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 2.1.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.4 of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
- (a) pending clearance of your remittance;
  - (b) pending investigation of any suspected breach of the warranties contained in paragraphs 6.1, 6.2, 6.3, 6.8, 6.13, 6.15 or 6.16 below or any other suspected breach of these terms and conditions of application; or
  - (c) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 2.1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- 2.1.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;
- 2.1.8 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.1.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.1.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;

- 2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 5(c) on your Application Form, but subject to paragraph 2.1.4) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;
- 2.1.12 confirm that you have read and complied with paragraph 8 below;
- 2.1.13 agree that all subscription cheques will be processed through a bank account (the **"Acceptance Account"**) in the name of **"Equiniti Limited Re: Impact Offer for Subscription"** opened by the Receiving Agent;
- 2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent; and
- 2.1.15 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

### **3. Acceptance of your offer**

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the FCA through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).
- 3.2 The basis of allocation will be determined by the Company in consultation with Winterflood, the AIFM and the Portfolio Manager. The right is reserved, notwithstanding the basis as so determined, to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept:
  - 3.2.1 an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application; and
  - 3.2.2 an application for less than £1,000.
- 3.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be two percentage points above the then published bank base rate of a clearing bank selected by the Receiving Agent.
- 3.4 All payments must be in Sterling and cheques or banker's drafts should be payable to **"Equiniti Limited Re: Impact Offer for Subscription"**. Cheques or banker's drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and



banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted, with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. It is a term of the Offer for Subscription that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

- 3.5 For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 15 December 2020. Please contact Equiniti by email at [offer@equiniti.com](mailto:offer@equiniti.com) and Equiniti will provide applicants with the bank account details, together with a unique reference number which must be used when sending payment. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The terms and conditions of application require that applicants provide cleared funds in support of each application. You should instruct the bank to transfer funds so that they will have taken place (and funds settled) to coincide with the delivery of your Application Form to the Receiving Agent and by no later than 11.00 a.m. on 15 December 2020. It is recommended that such transfers are actioned within 24 hours of posting your application.

When arranging the transfer, please contact Equiniti by email at [offer@equiniti.com](mailto:offer@equiniti.com) and Equiniti will provide applicants with the bank account details, together with a unique reference number which must be used when sending payment. This is the same as the reference you enter in section 5(b) of the Application Form (using your initials and contact telephone number e.g. MJSmith 01234 5678910). This reference is used by Equiniti to match your payment with an application, and failure to provide a matching reference may delay Equiniti's ability to process your application and result in it not being accepted. If your reference can not be matched by Equiniti to an application, this will be rejected back to the remitting account before the Offer for Subscription closes.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

**Please Note** – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

- 3.6 Should you wish to apply for Ordinary Shares by delivery versus payment method ("**DVP**"), you will need to input the DVP instructions into the CREST system in accordance with your Application. The input returned by the Receiving Agent of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the relevant settlement date.
- 3.7 By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 11.00 a.m. on 15 December 2020 against

payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by the Receiving Agent.

#### **4. Conditions**

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (a) Initial Admission occurring by 8.00 a.m. on 22 December 2020 (or such later time or date as the Company and Winterflood may agree (not being later than 8.00 a.m. on 31 March 2021)); and
  - (b) the Placing Agreement becoming otherwise unconditional in respect of the Initial Issue, and not being terminated in accordance with its terms before Initial Admission.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

#### **5. Return of application monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest within 14 days. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account.

#### **6. Warranties**

By completing an Application Form, you:

- 6.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus and any supplementary prospectus published by the Company before Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus or any part thereof or any supplementary prospectus published by the Company before Initial Admission or any part thereof shall have any liability for any such other information or representation;

- 6.4 agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and any supplementary prospectus published by the Company before Initial Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Winterflood, the AIFM, the Portfolio Manager or the Receiving Agent;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 6.8 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services);
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- 6.10 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 6.11 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations existing under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.12 irrevocably authorise the Company, Winterflood or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Winterflood and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 6.13 agree to provide the Company with any information which it, Winterflood or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 6.14 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Winterflood, the AIFM, the Portfolio Manager or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 6.15 agree that Winterflood and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their

customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;

- 6.16 warrant that the information contained in the Application Form is true and accurate;
- 6.17 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date;
- 6.18 acknowledge that the key information document prepared by the AIFM pursuant to the PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi), or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you;
- 6.19 acknowledge that the content of the Prospectus is exclusively the responsibility of the Company and the Directors and, to the extent stated in paragraph 11.3 of Part 12 of the Prospectus, the Portfolio Manager, and neither Winterflood nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information published by or on behalf of the Company and will not be liable for any decision to participate in the Offer for Subscription based on any information, representation or statement contained in the Prospectus or otherwise;
- 6.20 acknowledge and understand that the Company may be required to comply with international regimes for the automatic exchange of information (including FATCA and the Common Reporting Standard) and that the Company will comply with requirements to provide information to HMRC which may be passed on to other relevant tax authorities. You agree to furnish any information and documents the Company may from time to time request; and
- 6.21 agree that you are capable, or the underlying client(s) in the case of applications on behalf of professionally-advised private investors are capable themselves, of evaluating the merits and risks of an investment in the Company and have sufficient resources to be able to bear any losses which may result from the investment.

## **7. Money laundering**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:
  - 7.1.1 the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
  - 7.1.2 where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.
- 7.2 Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that the Receiving Agent itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is the Sterling equivalent of €15,000 (currently approximately £13,500).

The Receiving Agent will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks are required by applicable law and do not mean the investor is suspected of any illegal activity.

The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the investor's credit report. The report may contain a note saying "Identity Check to comply with Anti-Money Laundering Regulations".

- 7.3 Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or CREST account being credited.
- 7.4 Without prejudice to the generality of this paragraph 7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £13,500). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you, the applicant.
- 7.5 For the purpose of the UK's Money Laundering Regulations, a person making an application for Ordinary Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.
- 7.6 The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
- 7.7 If the amount being subscribed exceeds €15,000 (approximately £13,500) you should endeavour to have the declaration contained in Section 8 of the Application Form signed by an appropriate firm as described in that box.

## **8. Non-United Kingdom, Channel Islands and Isle of Man investors**

If you receive a copy of the Prospectus or an Application Form in any territory other than the UK, the Channel Islands and the Isle of Man you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or

jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the US Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan, Australia, the Republic of South Africa or the United States (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are outside the United States, not a US Person or a resident of the United States, Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the United States or Canada (or any political subdivision of either), Japan, the Republic of South Africa or Australia and that you are not subscribing for such Ordinary Shares for the account of any person in the United States, any US Person or any resident of the United States, Canada, Japan, the Republic of South Africa or Australia and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, the Republic of South Africa or Australia or to any US Person or resident in Canada, Japan, the Republic of South Africa or Australia. Unless the Company and the Registrar agree otherwise in writing, no application will be accepted if it shows the applicant or a payor having an address in the United States, Canada, Japan, the Republic of South Africa or Australia.

## **9. Data protection**

9.1 Each applicant acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice, which is available for review on the Company’s website at [www.schroders.com/sbsi](http://www.schroders.com/sbsi) (the “**Privacy Notice**”), including for the purposes set out below (collectively, the “**Purposes**”), being to:

- 9.1.1 process the personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with the applicant’s holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on the applicant;
- 9.1.2 communicate with the applicant as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- 9.1.3 to comply with the legal and regulatory obligations of the Company, and/or the Registrar; and
- 9.1.4 process the personal data for the Registrar’s internal administration.

9.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:

- 9.2.1 third parties located either within, or outside of the UK and/or the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or



- 9.2.2 its affiliates, the Company (in the case of the Registrar) or the AIFM or the Portfolio Manager and their respective associates, some of which may be located outside of the UK and the EEA.
- 9.3 Any sharing of personal data by the Company or the Registrar with other parties will be carried out in accordance with the DP Legislation and as set out in the Company's Privacy Notice.
- 9.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each applicant hereby represents and warrants to the Registrar that it has (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice and any other data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP legislation, it has obtained the consent of any data subject to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).
- 9.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person, such person has read and understood the terms of the Company's Privacy Notice.
- 9.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
- 9.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares; and
- 9.6.2 the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 9.7 Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:
- 9.7.1 comply with all applicable data protection legislation;
- 9.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- 9.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- 9.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

## **10. Miscellaneous**

- 10.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual



representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

- 10.2 The rights and remedies of the Company, Winterflood and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 15 December 2020. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 10.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.
- 10.5 You agree that Winterflood and the Receiving Agent are acting for the Company in connection with the Initial Issue and no-one else and that neither Winterflood nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Initial Issue or for providing the protections afforded to their customers.
- 10.6 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this Prospectus.

If you have any queries please contact the Equiniti Limited Helpline on 0371 384 2050 (from within the UK) or +44 371 384 2050 (if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of an investment in the Company nor give any financial, legal or tax advice.

## PART 15

### DEFINITIONS

<b>Act</b>	the Companies Act 2006, as amended
<b>Acquisition</b>	the acquisition by the Company, conditional on Initial Admission, of the Initial Portfolio pursuant to the terms of the Acquisition Agreement
<b>Acquisition Agreement</b>	the acquisition agreement dated 23 November 2020 between the Company and the Portfolio Manager, pursuant to which the Company has agreed to acquire the Initial Portfolio
<b>Administrator</b>	Schroder Unit Trusts Limited
<b>Admission</b>	Initial Admission and any Subsequent Admission, as the context requires
<b>AIC Code</b>	the Association of Investment Companies' Code of Corporate Governance, as amended from time to time
<b>AIFM</b>	Schroder Unit Trusts Limited
<b>AIFM Agreement</b>	the AIFM agreement dated 23 November 2020 between the Company and the AIFM, summarised in paragraph 6.2 of Part 12 of this Prospectus
<b>AIFMD</b>	the Directive on Alternative Investment Fund Managers, 2011/61/EU
<b>AIFM Rules</b>	the AIFMD and all applicable rules and regulations implementing the AIFM Directive in the UK
<b>Application Forms</b> and each an <b>Application Form</b>	the application forms on which applicants may apply for Ordinary Shares under the Offer for Subscription attached as the Appendix to this Prospectus
<b>Articles</b>	the articles of association of the Company as at the date of this Prospectus or, in the context of the Placing Programme (following completion of the Initial Issue), as at the date of the relevant issue under the Placing Programme
<b>Auditors</b>	BDO LLP or such other auditor as the Company may appoint from time to time
<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>C Shares</b>	C shares of 10 pence each in the capital of the Company having the rights and restrictions set out in paragraph 3.18 of Part 12 of this Prospectus
<b>Co-Investments</b>	has the meaning set out in Part 1 of this Prospectus, and being co-investments made by the Company alongside Impact Funds or other impact investors (which may include the Portfolio Manager)
<b>certificated form</b>	not in uncertificated form

<b>Company</b>	Schroder BSC Social Impact Trust plc
<b>Company Secretary</b>	Schroder Unit Trusts Limited
<b>Consideration Shares</b>	the Ordinary Shares to be issued to the Portfolio Manager on completion of the Acquisition as consideration under the Acquisition Agreement
<b>CPI</b>	the UK Consumer Price Index published by the Office of National Statistics measuring the change in the cost of typical wage-earner purchases of goods and services expressed as a percentage of the cost of these same goods and services in some base period
<b>CREST</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>CREST Manual</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time comprising the CREST Reference Manual, the CREST Central Counterparty Services Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and CREST Glossary of Terms
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>Debt for Social Enterprises</b>	Investments or potential Investments of the Company in debt for social enterprises as described in the Company's investment policy set out in paragraph 3 of Part 2 of this Prospectus
<b>Depository</b>	HSBC Bank plc
<b>Depository Agreement</b>	the depository agreement dated 23 November 2020, between the Company, the AIFM and the Depository, summarised in paragraph 6.4 of Part 12 of this Prospectus
<b>Direct Investments</b>	has the meaning set out in Part 1 of this Prospectus, and being Investments of the Company that are made directly and therefore neither interests in Impact Funds nor Co-Investments
<b>Directors or Board</b>	the board of directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>EEA</b>	the European Economic Area
<b>Eligible Social Sector Organisation</b>	has the meaning set out in Part 6 of this Prospectus
<b>ERISA</b>	the United States Employee Retirement Income Security Act of 1974, as amended
<b>ESG</b>	environmental, social and governance
<b>EU</b>	the European Union

<b>Euro</b>	the lawful currency of the Member States that have adopted the single European currency
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>FATCA</b>	the US Foreign Account Tax Compliance Act
<b>FCA</b>	the Financial Conduct Authority
<b>FRS 102</b>	the Financial Reporting Standard applicable in the UK and Republic of Ireland
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Gross Assets</b>	the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
<b>Gross Cash Proceeds</b>	the gross cash proceeds of the Initial Issue
<b>Group</b>	the Company and its subsidiaries from time to time
<b>High Impact Housing</b>	Investments or potential Investments of the Company in high impact housing as described in the Company's investment policy set out in paragraph 3 of Part 2 of this Prospectus
<b>HMRC</b>	HM Revenue & Customs
<b>Impact Funds</b>	has the meaning set out in Part 1 of this Prospectus, and being private market impact funds, however structured, and separate accounts managed by third party asset managers
<b>Impact Management Project</b>	the forum of that name for organisations to build consensus on how to measure, compare and report impacts on environmental and social issues
<b>Initial Admission</b>	the admission of the Ordinary Shares to be issued pursuant to the Initial Issue: (i) to the premium segment of the Official List; and (ii) to trading on the premium segment of the London Stock Exchange's main market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
<b>Initial Issue</b>	together the Initial Placing, the Offer for Subscription, the Intermediaries Offer and the issue of the Consideration Shares
<b>Initial Placing</b>	the conditional placing of Ordinary Shares by Winterflood at the Issue Price in respect of the Initial Issue pursuant to the Placing Agreement
<b>Initial Portfolio</b>	has the meaning set out on page 41 of this Prospectus, and being the initial portfolio of the Company on Initial Admission, to be acquired by way of the Acquisition
<b>Intermediaries</b>	the intermediaries (if any) appointed by the Company in connection with the Intermediaries Offer and " <b>Intermediary</b> " shall mean any one of them
<b>Intermediaries Offer</b>	the offer of Ordinary Shares by the Intermediaries to retail investors

<b>Investment</b>	an investment of the Company made in accordance with the Company's investment policy
<b>IPEV 2018 Valuation Guidelines</b>	the International Private Equity and Venture Capital Valuation Guidelines dated December 2018
<b>IRR</b>	internal rate of return
<b>ISA</b>	an individual savings account operated in accordance with the UK Individual Savings Account Regulations 1998, as amended
<b>Issue</b>	the Initial Issue and any Subsequent Placing under the Placing Programme
<b>Issue Price</b>	100 pence per Ordinary Share
<b>Liquid ESG Investments</b>	(except for the purpose of calculating the management fees summarised at paragraph 4.3(i) of Part 8 of this Prospectus only) liquid investments, including in social bond funds, closed-ended listed funds and other liquid ESG investments, that the Portfolio Manager considers are consistent with the Company's liquidity requirements, investment policy, investment guidelines and risk profile while also meeting high ESG criteria
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>Lock-In Agreement</b>	the lock-in agreement dated 23 November 2020, between the Portfolio Manager, the Company and Winterflood, summarised in paragraph 6.8 of Part 12 of this Prospectus
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>MAR or Market Abuse Regulation</b>	the Market Abuse Regulation (EU) No. 596/2014
<b>Member State</b>	any member state of the European Economic Area
<b>Minimum Gross Cash Proceeds</b>	the minimum Gross Cash Proceeds on the basis that the Minimum Issue Size is achieved, expected to be £56.25 million
<b>Minimum Issue Size</b>	the minimum number of Ordinary Shares to be issued under the Initial Issue, including the Consideration Shares, being 75 million Ordinary Shares
<b>Minimum Net Cash Proceeds</b>	the minimum net cash proceeds of the Initial Issue, expected to be approximately £55.28 million and calculated as the proceeds of the Initial Issue, less the costs and expenses of the Initial Issue
<b>Money Laundering Regulations</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>NAV or Net Assets or Net Asset Value</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>NAV per Share or Net Asset Value per Share</b>	the NAV attributable to any class of Shares divided by the number of Shares of the relevant class in issue (other than any Shares of the relevant class held in treasury), and " <b>NAV per Ordinary Share</b> " shall be construed accordingly

<b>NURS</b>	non-UCITS retail schemes
<b>Offer for Subscription</b>	the offer for subscription of Ordinary Shares at the Issue Price, as described in this Prospectus
<b>Official List</b>	the official list maintained by the FCA
<b>Ordinary Shares</b>	ordinary shares of nominal value 1 penny each in the capital of the Company
<b>Overseas Persons</b>	persons who are resident in, or who are citizens of, or who have registered addresses in, territories other than the UK
<b>Placee</b>	a person subscribing for Shares under a Placing
<b>Placing</b>	the Initial Placing or any Subsequent Placing
<b>Placing Agreement</b>	the conditional agreement between the Company, the Directors, the AIFM, the Portfolio Manager and Winterflood, summarised in paragraph 6.1 of Part 12 of this Prospectus
<b>Placing Programme</b>	the proposed programme of Subsequent Placings of Shares on the terms set out in this Prospectus
<b>Placing Programme Price</b>	the applicable price at which new Ordinary Shares or C Shares will be issued to prospective investors under a Subsequent Placing, as described in Part 10 of this Prospectus
<b>Portfolio Management Agreement</b>	the portfolio management agreement dated 23 November 2020, between the Company, the AIFM and the Portfolio Manager, summarised in paragraph 6.3 of Part 12 of this Prospectus
<b>Portfolio Manager, Big Society Capital or BSC</b>	Big Society Capital Limited
<b>PRIIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and its implementing and delegated acts
<b>PROD Sourcebook</b>	the Product Intervention and Product Governance Sourcebook contained in the FCA's Handbook of Rules and Guidance
<b>Prospectus</b>	this document
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Prospectus Regulation Rules</b>	the rules and regulations made by the FCA under Part VI of FSMA
<b>Receiving Agent</b>	Equiniti Limited
<b>Receiving Agent Agreement</b>	the receiving agent services agreement dated 23 November 2020 between the Company and the Receiving Agent summarised in paragraph 6.6 of Part 12 of this Prospectus

<b>Redeemable Preference Shares</b>	redeemable preference shares of £1.00 each in the capital of the Company (no such shares are available for subscription pursuant to this Prospectus or otherwise)
<b>Register</b>	the register of members of the Company
<b>Registered Providers</b>	social housing providers registered with the Regulator of Social Housing of the UK government
<b>Registrar</b>	Equiniti Limited
<b>Registrar Agreement</b>	the agreement dated 23 November 2020 between the Company and the Registrar for the provision of share registration services summarised in paragraph 6.5 of Part 12 of this Prospectus
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>SBSI Investment Committee</b>	the investment committee of the Portfolio Manager established for the purpose of approving Social Impact Investments to be made by the Company
<b>Schroders or Schroder Group</b>	the AIFM's ultimate holding company and its subsidiaries and affiliates worldwide
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	Ordinary Shares and, where the context requires, any C Shares issued by the Company
<b>Social Impact Investments</b>	investments intended to have a positive social impact on people predominantly in the UK while providing a financial return to investors, including, but not limited to, High Impact Housing, Debt for Social Enterprises and Social Outcomes Contracts, and with the expectation that such investments will predominantly be further invested in Eligible Social Sector Organisations
<b>Social Outcomes Contracts</b>	Investments or potential Investments of the Company in social outcomes contracts as described in the Company's investment policy set out in paragraph 3 of Part 2 of this Prospectus
<b>Sterling, £, pence or p</b>	the lawful currency of the UK
<b>Subsequent Admission</b>	the admission of the Shares to be issued pursuant to the Placing Programme to: (i) the premium segment of the Official List; and (ii) trading on the premium segment of the London Stock Exchange's main market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
<b>Subsequent Placing</b>	any placing of Shares pursuant to the Placing Programme
<b>Takeover Code</b>	The City Code on Takeovers and Mergers
<b>Target Gross Cash Proceeds</b>	the target Gross Cash Proceeds of the Initial Issue, being £75 million



<b>UCITS</b>	undertakings for collective investment in transferable securities, within the meaning of Directive 2009/65/EC of the European Parliament and Council of 13 July 2009
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time to time
<b>UN Sustainable Development Goals</b>	an action plan adopted by all 193 United Nations Member States in 2015, comprising 17 goals aimed to eradicate poverty and hunger, fight inequality, tackle climate change and achieve sustainable development globally by 2030
<b>uncertificated or in uncertificated form</b>	a Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US\$</b>	the lawful currency of the United States
<b>US Investment Advisers Act</b>	the United States Investment Advisers Act of 1940, as amended
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Person</b>	a US Person as defined for the purposes of Regulation S
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>US Tax Code</b>	the US Internal Revenue Code of 1986, as amended

## PART 16

### GLOSSARY OF KEY TERMS

<b>Affordable home ownership</b>	affordable home ownership schemes that enable access to affordable home ownership through part ownership, including products such as shared ownership, whereby part of the property is owned by the occupier and part is rented by the occupier, and shared equity, whereby the property is part owned by the occupier and part owned by a housing association or local authority, with no rent being charged to the occupier
<b>Affordable housing</b>	housing for sale or rent, available to eligible households whose needs are not met by the market (including housing that provides a subsidised route to homeownership and/or is for essential local workers), and can comprise new-build or private sector properties that have been purchased for use as affordable housing
<b>Affordable rented housing</b>	rented housing that is made available to tenants at rent below the local market rent
<b>Arm's length management organisation</b>	a not-for-profit company that provides housing services on behalf of a local authority
<b>Charity bonds</b>	bonds issued by charities or social enterprises
<b>Delivery organisation</b>	the charity, social enterprise or other organisation that delivers the underlying outcomes in a social outcomes contract
<b>High impact</b>	a subset of social impact that aligns with "Category C" ("Contribute to Solutions") of the Impact Management Project framework, the emerging global standard for managing and articulating social impact
<b>High impact housing</b>	affordable and social housing intended to alleviate the needs of the homeless and disadvantaged and address the shortage of affordable housing supply in the UK
<b>Housing associations</b>	independent, not-for-profit organisations that own, let and manage rented housing, established for the purpose of providing social homes to individuals in housing need. Any trading surplus is generally used to maintain existing homes and to finance the acquisition of new homes. Housing associations are regulated by the Regulator of Social Housing
<b>Housing benefit system</b>	an income-related social security welfare scheme designed by the UK government to assist those on low incomes to meet their rent payments
<b>Life outcomes</b>	the quality of life of individuals receiving services, including the extent to which an individual is experiencing positive life experiences across home, school, work and community
<b>Local authority</b>	the administrative bodies comprising local government in England, made up of 343 authorities (including 32 London boroughs)

<b>Public sector commissioner</b>	government bodies, local authorities and public sector organisations operating in areas such healthcare, social care and education which commission social outcomes contracts
<b>Social enterprise</b>	a financially independent, trading organisation whose objective is to achieve social and/or environmental benefit through a market-driven approach, often utilising a triple-bottom line of profits, social impact and environmental sustainability. Profits are retained for reinvestment in the business and/or in beneficiary communities
<b>Social housing or social homes</b>	social rented, affordable rented and/or other homes managed by housing associations, local authorities or arm's length management organisations, provided at affordable rates and on a secure basis to eligible individuals on low incomes or with particular needs, and/or affordable home ownership homes
<b>Social intervention</b>	programmes designed to deliver positive social outcomes and develop the human capital of beneficiaries in specific target groups, ranging from, but not limited to, educational support, children's services, health and social care, housing and employment
<b>Social impact or social outcome</b>	the alteration of the circumstances or conditions for, or the behaviours or life outcomes of, beneficiaries in a specific target group or groups that can be attributed to an organisation's activities
<b>Social issues</b>	circumstances, conditions or behaviours that negatively affect or influence a considerable number of the individuals within society, often the consequence of factors perceived as extending beyond the control of a single affected individual
<b>Social outcomes contract</b>	a contract between a public sector or government body and a delivery organisation whereby an external investor (such as the Company) provides upfront capital to the delivery organisation and is repaid by the income stream from the public sector body based upon social outcomes delivered rather than on a fee for service basis. Outcomes are judged, and payment levels measured, against expected outcomes without the intervention of the delivery organisation. Key characteristics of social outcomes contracts are (1) a clearly defined series of objectives and indicators by which to measure the performance of the delivery organisation, (2) the collection of data to assess the extent to which the delivery organisation is successfully implementing the objectives and indicators and (3) performance which leads to measurable social outcomes and thereby financial returns to investors
<b>Social rented housing</b>	rented housing that is offered to tenants by housing associations, local authorities or arm's length management organisations at a rent subsidised below market rent

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## **APPENDIX**

### **APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION**

#### **NOTES ON HOW TO COMPLETE THE APPLICATION FORM**

It is essential that you complete all parts of the Application Form in accordance with the following instructions.

#### **Application and Amount Payable**

Insert in Section 1 the number of Ordinary Shares you wish to apply for in Schroder BSC Social Impact Trust plc. You must also insert your total payment. Your cheque or banker's draft should be for an amount that represents 100 pence multiplied by the number of Ordinary Shares for which you are applying.

#### **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, Equiniti may require, at their absolute discretion, check the identity of the person by whom or on whose behalf an Application Form is lodged with payment, in excess of the sterling equivalent of €15,000 of Ordinary Shares.

Equiniti may therefore undertake electronic searches for the purposes of verifying identity. To do so Equiniti may verify the details against the subscription applicant's identity, but also may request further proof of identity. Equiniti reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements is the responsibility of such broker or intermediary and not Equiniti. In such case, the lodging agent's stamp should be inserted on the Application Form. The person lodging the Application Form with payment (the 'subscription applicant'), including any person who appears to Equiniti to be acting on behalf of some other person, shall thereby be deemed to agree to provide Equiniti and/or the Company with such information and other evidence as Equiniti may require to satisfy the verification of identity requirements.

Submission of an Application Form will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Equiniti such information as may be specified by Equiniti and/or the Company as being required for the purpose of the Money Laundering Regulations.

If Equiniti and/or the Company determines that the verification of identity requirements apply to any subscription applicant or application, the relevant Ordinary Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant subscription applicant unless and until the verification of identity requirements have been satisfied in respect of that subscription applicant or application. Equiniti is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any subscription applicant or application and whether such requirements have been satisfied, and none of Equiniti, nor the Company or Winterflood will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Equiniti has not received evidence satisfactory to it as aforesaid, the Company or Winterflood may, in their absolute

discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, or, as applicable, the relevant account of the bank or building society from which the relevant funds were debited.

### **Subscription Applicant Details**

Insert your title, full name, address with post code, date of birth, daytime telephone number and e-mail address in BLOCK CAPITALS in black ink in Section 2.

Applications can only be made by persons over the age of 18.

### **Corporate Details**

A corporate body wishing to apply for Ordinary Shares should insert the company name, address, daytime telephone number, their e-mail address and the company registered number in BLOCK CAPITALS and in black ink in Section 3.

### **Joint Subscription Applicants**

You may apply with up to three joint subscription applicants. Joint subscription applicants should insert their title, full name, date of birth, house number and post code in Section 4 in BLOCK CAPITALS and in black ink.

### **Signature**

By signing the Application Form you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 14 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription under the Initial Issue) and to have given the warranties and undertakings set out therein.

#### ***Execution by Individuals:***

Please sign and date Section 7. All subscription applicants must sign.

The Application Form may only be signed by someone other than the Subscription Applicant(s) named in Section(s) 2, 3 or 4 if duly authorised to do so. In such cases the original Power of Attorney (or other relevant legal document) or duly certified copy thereof must be enclosed for inspection.

#### ***Execution by a Company:***

A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### **Settlement**

#### ***Payments by cheque or banker's draft***

Attach a cheque or banker's draft for the exact amount shown in Section 1 of the Application Form to your completed Application Form. Your cheque or banker's draft must be made payable to Equiniti Limited "Re: Impact Offer for Subscription" and crossed "A/C payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have

a sole or joint title to the funds, should be made payable to "Equiniti Limited Re: Impact Offer for Subscription". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. Post-dated cheques will not be accepted.

The account name should be the same as that shown on the application.

### ***Payments by electronic transfer***

If you wish to pay by electronic transfer, payments must be made by CHAPS in Sterling. Payments must be made for value by 11.00 a.m. on 15 December 2020. Please contact the Receiving Agent by email at [offer@equiniti.com](mailto:offer@equiniti.com) for full bank details. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment. **The reference number must also be inserted in Section 5(b) of the Application Form.** By clearly writing the Reference Number on the Application Form this will enable the Receiving Agent to link the payments. For any payments made by electronic transfer a copy of the bank statement showing the transaction will be required by the Receiving Agent. Bank Statement must show the same name as the applicant and shares will not be credited until such documentation is received.

### ***CREST settlement***

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission. Settlement of transactions in those Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Receiving Agent will require from you in order to settle your commitment within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST account, the Receiving Agent will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with the Receiving Agent, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Receiving Agent in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. The Receiving Agent, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to that CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the settlement date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 22 December 2020 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus two per cent. per annum.

The Receiving Agent will contact you via email on the morning of 15 December 2020 to confirm your allocation and provide you with the relevant details which you will need to input by no later than



11.00 a.m. on 15 December 2020. Ensure you provide an email contact address in Section 2 of the Application Form.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade date:	15 December 2020
Settlement date:	22 December 2020
Company:	Schroder BSC Social Impact Trust plc
Security description:	Ordinary Shares of 1 penny
SEDOL:	BF78131
ISIN:	GB00BF781319

Equiniti Limited Counter party details:

Participant ID: 5RA29

If you wish to settle by DVP, you will need to ensure that you key the trade as instructed by the Receiving Agent by no later than 11.00 a.m. on 15 December 2020.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with the Receiving Agent, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

PLEASE AFFIX YOUR CHEQUE OR BANKER'S DRAFT TO THE APPLICATION FORM

*If you have any questions relating to the Offer for Subscription or completion and return of your Application Form, please contact the Equiniti Helpline on 0371 384 2050 (from inside the UK) or +44 371 384 2050 (if calling from outside the UK). The Helpline is open from 9.00 a.m. to 5.00 p.m. (UK time) Monday to Friday (except public holidays in England and Wales). Calls to the Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Helpline cannot provide advice on the merits of the Offer for Subscription nor give financial, tax, investment or legal advice.*

# APPLICATION FORM ONLY

## Schroder BSC Social Impact Trust plc

Before completing this Application Form you should read the Prospectus, including the terms and conditions set out in Part 14 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription under the Initial Issue).

Please make your cheque or banker's draft payable to "Equiniti Limited Re: Impact Offer for Subscription" (crossed A/C payee only) and return it together with this form by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive by no later than 11.00 a.m. on 15 December 2020.

**PLEASE COMPLETE IN BLOCK CAPITALS ONLY and in BLACK INK**

### Section 1 — Application and Amount Payable

Number of Ordinary Shares		at 100 pence per Ordinary Share. I have attached a cheque/banker's cheque	£
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**For Corporates, complete Section 3 only. If you require any additional holders please also complete Section 4**

### Section 2 —First Subscription Applicant Details (Individuals)

Title							Date of Birth	D	D		M	M		Y	Y
Surname															
Full Name(s)															
Home Address															
Post Code															
Daytime Telephone															
Email Address															



### Section 3 — Corporate Registration Details

Company Name																
Contact Name																
Company Address																
Post Code																
Daytime Telephone																
Email Address																
Company Registered Number																

### Section 4 — Joint Subscription Applicants (You may apply with up to 3 joint subscription applicants)

#### Second Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

#### Third Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

#### Fourth Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

## Section 5 – Settlement

### (a) **Cheque/Banker's Draft Details**

Attach your cheque or banker's draft for the exact amount shown in Section 1 made payable to "Equiniti Limited Re: Impact Offer for Subscription" and crossed "A/C payee".

### (b) **Electronic Transfer**

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 11.00 a.m. on 15 December 2020 together with the name and number of the account to be debited with such payment and the branch contact details.

<b>Sort Code:</b>		<b>Account Name:</b>	
<b>Account Number:</b>		<b>Contact name at branch and telephone number:</b>	
<b>Reference Number*</b>			

\* **Reference Number must be obtained from** Equiniti Limited before submitting this Application Form as detailed in the Notes on how to complete the Application Form below.

### (c) **Settlement by Delivery versus payment (DVP)**

Only complete this section if you choose to settle your application within CREST, that is deliver versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching.

(BLOCK CAPITALS)

CREST Participant ID:							
CREST Designation:							
CREST Participant's Name:							

The Receiving Agent will contact you via email to confirm your allocation and provide you with the relevant details which you will need to input by no later than 11.00 a.m. on 15 December 2020. Ensure you provide an email contact address in Section 2 of the Application Form.

If you would like to settle your commitment within CREST, your or your settlement agent's custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per share, following the CREST matching criteria set out below:

Trade date: 15 December 2020

Settlement date: 22 December 2020

Company: Schroder BSC Social Impact Trust plc

Security description: Ordinary Shares of 1 penny

SEDOL: BF78131

ISIN: GB00BF781319

Equiniti Limited Counterparty details:

Participant ID: 5RA29

If you wish to settle by DVP, you will need to ensure that you key the trade as instructed by the Receiving Agent by no later than 11.00 a.m. on 15 December 2020.



You must also ensure that you or your settlement agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

### Section 6 – Shares issued in CREST – Payment by cheque

Please complete this section only if you require your Ordinary Shares to be credited to your CREST account, but paying by cheque.

CREST Participant ID:							
CREST Designation:							
CREST Participant's Name:							

### Section 7 – Signature

By signing below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 14 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription under the Initial Issue) and to have given the warranties and undertakings set out therein.

#### Execution by Individuals:

First Subscription Applicant Signature		Date	
Second Subscription Applicant Signature		Date	
Third Subscription Applicant Signature		Date	
Fourth Subscription Applicant Signature		Date	

#### Execution by a Company:

Executed by (Name of Company)			
Name of Authorised signatory:		Name of Authorised signatory:	
Position of Authority:		Position of Authority:	
Signature:		Signature:	
Date:		Date:	

*A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.*

## Section 8 – Verification of identity

If the aggregate subscription price for the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you must ensure that Section 8.1, 8.2 or 8.3 (as appropriate) is completed.

### Section 8.1 Professional Advisers and Intermediaries

This Section 8.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser).

Name of professional adviser or intermediary (in full):			
Address (in full):			
		Post Code:	
Contact Name:		Telephone Number:	

Declaration by the professional adviser or intermediary

To: Schroder BSC Social Impact Trust plc, Winterflood Securities Limited and Equiniti Limited

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for Ordinary Shares on behalf of one or more clients ("relevant clients"). As such, we hereby undertake to:

1. complete anti-money laundering verification in respect of each relevant client and to inform you of any unsatisfactory conclusion in respect of any relevant client;
2. to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
3. to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and the reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)	
(Reference or other official number)	

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this Section 8.1.



Date:		Official stamp (if any):
Signature:		
Full Name:		
Title/position:		

### **Section 8.2 Reliable Introducer**

*(If you are not a professional adviser or intermediary to whom Section 8.1 applies, the completion and signing of the declaration in this Section 8.2 by a suitable person or institution may avoid a request for the presentation of the identity documents detailed in Section 8.3 of this form).*

*(The declaration below may only be signed by a person or institution (such as a bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Isle of Man, Italy, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)*

Declaration by the firm

To: Schroder BSC Social Impact Trust plc, Winterflood Securities Limited and Equiniti Limited

With reference to the applicant(s) detailed in Section 2 and, in the case of joint applicants, Section 4 above, all persons signing Section 7, we hereby declare that:

1. we operate in one of the above mentioned countries and our firm is subject to anti-money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the relevant persons is known to us in a business capacity and we hold valid identity documentation in respect of each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in Section 2 and, in the case of joint applicants, Section 4 above;
5. having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
6. where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.



Date:		Official stamp (if any):
Signature:		
Full Name:		
Title/position:		

I hereby declare that I have authority to bind the firm, the details of which are set out below:

Name of firm (in full):			
Address (in full):			
		Post Code:	
Contact name:		Telephone Number:	

Full name of firm's regulatory authority:	
Website address or telephone number of regulatory authority:	
Firm's registered, licence or other official number:	

### Section 8.3 Applicant identity information

*(Only complete this Section 8.3 if the aggregate subscription price payable under your application (whether in one or more applications) is greater than €15,000 (or its Sterling equivalent), and neither of Sections 8.1 and 8.2 can be completed) or if the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules.)*

*In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that Equiniti Limited and the Company reserve the right to ask for additional documents and information).*



	Tick to indicate the documents provided				
	Applicant				Payor
	1	2	3	4	
<b>A. For each applicant who is an individual enclose:</b>					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; <b>and</b>					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in Section 2 and, in the case of joint applicants, Section 4 is the applicant's residential address: (a) a recent (but no older than 3 months) gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; <b>and</b>					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; <b>and</b>					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
<b>B. For each applicant that is a company (a "holder company") enclose:</b>					
(i) a certified copy of the certificate of incorporation of the holder company; <b>and</b>					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; <b>and</b>					
(iii) a statement as to the nature of the holder company's business, signed by a director; <b>and</b>					
(iv) a list of the names and residential addresses of each director of the holder company; <b>and</b>					
(v) for each director provide documents and information similar to that mentioned in A(i) to (iv) above; <b>and</b>					
(vi) a copy of the authorised signatory list for the holder company; <b>and</b>					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 3% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					

	Tick to indicate the documents provided				
	Applicant				Payor
	1	2	3	4	
<b>C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)</b>					
<b>D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:</b>					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; <b>and</b>					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; <b>and</b>					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; <b>and</b>					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 3% of the issued share capital of that beneficiary company.					
<b>E. If the payor is not an applicant and is not a bank providing its own cheque or banker's draft on the reverse of which is shown details of the account being debited with such payment (see settlement section on how to complete this form) enclose:</b>					
(i) if the payor is a person, for that person the documents mentioned in A (i) to (iv); <b>or</b>					
(ii) if the payor is a company, for that company the documents mentioned in B(i) to (vii); <b>and</b>					
(iii) an explanation of the relationship between the payor and the applicant(s).					



