

3-year  
8.0% Income Bonds  
(Non-Transferable Securities)

Series 10

## INFORMATION MEMORANDUM





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### Own Investigation

This Information Memorandum does not take into account the individual objectives, financial situation or needs of any recipient. Recipients of this Information Memorandum should pay particular attention to the information relating to risk factors. Further, the Bonds are not, and are not expected to be, liquid. No assurance can be given that LC&F's investment objective will be achieved.

### Bonds are NOT transferable

The Bonds are not transferrable. Investors should therefore be aware that they are effectively 'locked in' to the investment for the intended timescale outlined in this Information Memorandum.

PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE RISK FACTORS DESCRIBED UNDER THE SECTION HEADED 'RISK FACTORS' IN THIS INFORMATION MEMORANDUM.

Except in the case of parties authorised by LC&F to distribute this Information Memorandum (an "**Authorised Distributor**") LC&F has not authorised any person to make any offer to subscribe or acquire or any communication of an invitation to subscribe or acquire any Bonds in any circumstances and no person is permitted to use this Information Memorandum in connection with the offer of any Bonds. Any such offers are not made on behalf of LC&F and LC&F has no responsibility or liability for the actions of the persons making such offers.

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The Bonds have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Bonds may not be offered, sold or delivered within the United States.

Each potential investor in the Bonds must determine (either alone or with the help of a financial adviser) the suitability of that

investment in light of his, her or its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his, her or its particular financial situation, an investment in the Bonds and the impact such investment will have on his, her or its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's Currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate possible scenarios for economic, interest rate and other factors that may affect his, her or its investment and ability to bear the applicable risks.

Unless otherwise specified or the context requires, references to 'GBP', 'Pounds Sterling', 'sterling', 'Sterling' and '£' are references to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the "UK" or the "United Kingdom") and all references to '€' and 'Euro' are to the lawful currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended from time to time.

## Regarding Forward-Looking Statements

This Information Memorandum includes forward-looking statements. The words 'believe', 'anticipate', 'expect', 'intend', 'plan', 'continue', 'assume', 'may', 'will', 'should', 'shall', 'risk' and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings 'Risk Factors' and 'Investment Opportunity' regarding LC&F's strategy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond LC&F's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Recipients of this Information Memorandum are cautioned that forward-looking statements are not guarantees of future performance and that LC&F's actual results of operations, financial condition and liquidity, and the development of the industry in which LC&F operates may differ materially from those made in or suggested by the forward-looking statements contained in this Information Memorandum. This cautionary statement should be considered in connection with any subsequent written or oral forward-looking statements that LC&F, or persons acting on its behalf, may issue. Factors that may cause LC&F's actual results to differ materially from those expressed or implied by the forward-looking statements in this Information Memorandum include, but are not limited to, the risks described under 'Risk Factors'.

These forward-looking statements reflect LC&F's judgment at the date of this Information Memorandum and are not intended to give any assurances as to future results. LC&F undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this Information Memorandum. LC&F will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.



Company

**London Capital & Finance Plc**

Company number

**08140312**

Registered office

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Kent, TN1 1HT

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Global Custodial Services Ltd**

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Oast Business Park  
Redhill, Wateringbury  
Kent ME18 5NN

In this Information Memorandum, where the context permits, the expressions set out below bear the following meanings:

**AML:** Anti Money Laundering.

**Application Form :** The application form attached to this Information Memorandum.

**Authorised Distributor:** Has the meaning given on page 7.

**Bond(s):** These Series 10, 3-year, 8% interest bearing securities described herein and offered by LC&F subject to this Information Memorandum

**Bond Holder:** The registered owner of a Bond.

**Bond Issuance Programme:** Has the meaning given on page 18.

**Borrowing Companies:** Has the meaning given on page 9 and each being a “Borrowing Company”

**CA 2006:** Companies Act 2006

**LC&F:** or the Company– has the meaning given on page 11

**Directors:** The directors of LC&F

**FCA:** Financial Conduct Authority

**First Fundraising:** Has the meaning given on page 16

**FSMA:** Has the meaning given on page 6

**GBP:** Has the meaning given on page 11

**Information Memorandum:** Has the meaning given on page 6

**Issue Price:** Has the meaning given on page 11

**Investor's Currency:** Has the meaning given on page 27

**Maturity Date:** Has the meaning given on page 12

**Securities Act:** Has the meaning given on page 6

**Sentient:** Has the meaning given on page 6

**Series 2 Bonds:** Has the meaning given on page 16

**Series 3 Bonds:** Has the meaning given on page 17

**Series 4 Bonds:** Has the meaning given on page 17

**Series 5 Bonds:** Has the meaning given on page 17

**Series 6 Bonds:** has the meaning given on page 17

**Series 7 Bonds:** has the meaning given on page 17

**Series 8 Bonds:** has the meaning given on page 17

**Series 9 Bonds:** has the meaning given on page 17

**SIPP:** Has the meaning given on page 28

**SSAS:** Has the meaning given on page 28

**Trustee:** Means Global Security Trustees Limited

## Issuer

London Capital & Finance Plc., incorporated in England under the CA 2006 as a public limited company with registered number 08140312. LC&F is also authorised and regulated by the FCA with FRN 702603.

## Principal activities

LC&F is a public limited company which identifies opportunities in structured finance within the UK to generate income via loan interest and associated fees.

## Description of the bonds

8% (being 6.4% when paid net of basic rate income tax) Sterling corporate bonds due on redemption at the Maturity Date at an issue price of £100 (the "**Issue Price**"). The Bonds will be issued in registered form in denominations of £100 and multiples thereof.

## Target raise

The total principal amount of the Bonds to be issued is up to £50,000,000. The Bonds will not be listed or traded on any recognised investment exchange. The Bonds are NOT transferable.

## Currency

Pounds Sterling ("GBP").

## Ranking and security

The Bonds will be secured by debenture over the assets of LC&F.

The security granted by LC&F in respect of the Bonds will be granted to the Trustee and the Trustee will hold the benefit of the security on trust, and enforce it, for Bondholders.

Investors should note that LC&F has issued, and intends to issue, other bonds and series of bonds (with the same or different terms and conditions attached to them), which will also be secured by a debenture over the assets of LC&F.

These other series of bonds will rank *pari passu* (i.e., equally) with the Bonds including in relation to security (i.e., the security granted by LC&F to Bondholders and holders of other series of bonds over its assets to secure the relevant bonds). Should the security granted to holders of the Bonds be enforced, the claims of Bondholders will rank equally with the claims of holders of other series of bonds irrespective of, amongst other things, when those other bonds were issued and what the terms of those bonds are.

The loans made by LC&F to companies (a company to which a loan is made by LC&F being a "Borrowing Company") will be secured against some or all of the assets of the relevant borrowing company or a third party and loans made by LC&F will have a maximum value of 75% of the value of the assets over which security is granted in respect of the relevant loan (a 75% loan to value, or LTV). As an example, if LC&F makes a loan of £750,000, the Borrowing Company will have to grant security over £1,000,000 of assets in respect of the loan.

The purpose of requiring that the value of the assets over which security in respect of a loan made by LC&F is taken exceeds the value of the relevant loan is to ensure that, should it become necessary to enforce the security, such assets should, on sale, realise proceeds sufficient to settle the principal and interest owed to LC&F by the relevant borrower.

LC&F intends to structure its loans, and the security that it holds in respect of those loans, so that the aggregate of:

- i. the value of the assets over which LC&F holds security; and
- ii. the value of the cash held by LC&F in its bank accounts (which will be subject to the security granted by LC&F over its assets),

is at least equal to the principal value of all the bonds (including the Bonds issued by it and which remain outstanding at the relevant time).

### Withholding tax

All payments of principal and interest made by LC&F in respect of the Bonds may be made subject to deduction for UK income tax, subject to lawful or any customary exception.

Please note that Bondholders may have to pay additional tax depending on their own tax position.

### Governing law

This issue of the Bonds will be governed by English law.

### Interest rate

The Bonds will bear interest from the date of issue at 8% (being 6.4% when interest is paid net of basic rate income tax at 20%). Interest accrues from the date each Bond is issued and is payable annually in arrears on each 12 month anniversary of the date the relevant Bond was issued (if the interest payment date is a weekend or a bank holiday in England and Wales, then interest will be payable on the next business day) and on the Maturity Date.

### Maturity

Unless previously redeemed Bonds will be redeemed on the 36-month anniversary of the date the relevant Bond was issued (such 36 month anniversary being the "**Maturity Date**").

### Redemption

Bonds will be redeemed at their principal amount on the Maturity Date.

### Early redemption

LC&F has the right to redeem any or all of the Bonds in issue early in its discretion (and the Bonds to be redeemed may be selected at the discretion of LC&F) and upon such early redemption LC&F shall pay to the relevant Bondholders the principal amount of the relevant Bonds together with accrued interest.

## Sources of finance for SMEs

UK businesses have been widely recognised as the engine room of the UK economy and in order to thrive, must have access to sustainable sources of finance.

At the end of 2015 there were 5.4 million businesses in the UK. According to statistics published by the UK Government and the British Bankers Association cumulative lending to UK businesses between July 2011 and June 2016 dropped by £9.7 billion. The National Audit Office has predicted that by 2017 the gap between the amount of funding available to UK businesses and the amount of funding required by UK businesses will hit £22 billion.

## Opportunity for LC&F clients

The Directors of LC&F believe that the disparity between the demand for finance from UK businesses and the availability of that finance has created an opportunity for both LC&F and private investors.

LC&F has developed a business model whereby it raises money from private investors by issuing secured bonds to those investors and uses the proceeds of the issue of those bonds to make loans to UK companies on a secured basis (details of the bonds issued to date are set out on pages 12 to 14). This provides private investors with the opportunity to make returns by investing in the bonds issued by LC&F and it enables LC&F to meet the lending demand from the UK business sector.

The Directors believe LC&F is now ready to expand its operations further by issuing more bonds in order to raise additional finance thereby enabling it to increase the number and value of loans it makes to the UK business sector.

LC&F has, using the network contacts its Directors have developed over their careers, been able to develop relationships with numerous professionals in the financial, accounting and legal professions. LC&F is confident that, using these relationships, it will be able to source additional lending opportunities which will enable it to deploy the proceeds of further bond issues and that the loans arising from those lending opportunities can be made to UK companies on commercially competitive terms which, at the same time, provide that the interest payable pursuant to these loans is sufficient to enable LC&F to service its obligations pursuant to the bonds issued by it and to generate a profit for LC&F.

## Business model of LC&F

LC&F seeks to raise funds in the private market by issuing secured bonds and then lend the proceeds of the issue of those bonds to UK businesses on a secured basis. The bonds issued by LC&F are secured against the assets of LC&F.

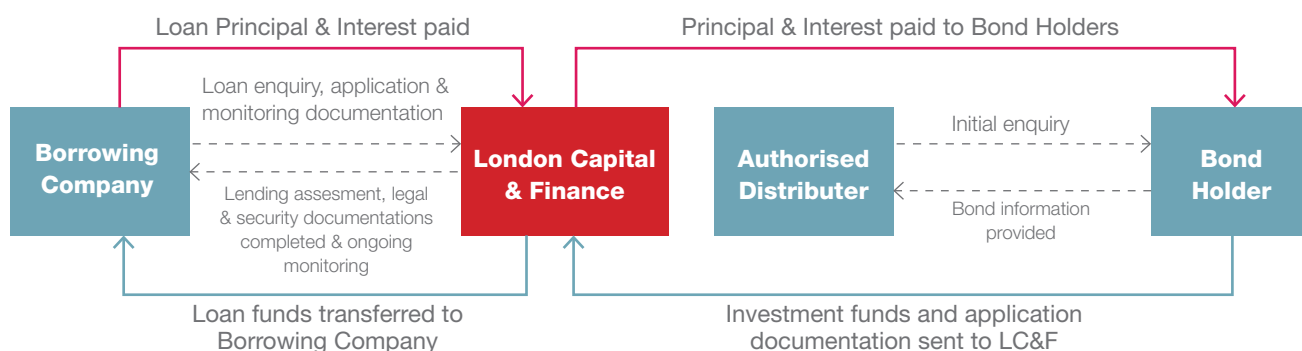
LC&F is not a peer-to-peer lender or a crowd funding provider as bondholders are not connected to the lending process and LC&F doesn't operate an online funding platform. LC&F has chosen to take a more hands on approach to its loan commitments not only by conducting full due diligence prior to lending but also with the ongoing monitoring of the loans it makes.

LC&F intrinsically involves itself in all aspects of the funding lifecycle, from the raising of capital via bonds through to the sourcing of Borrowing Companies and the application, pre-lending due diligence and legalities of all loans, on-going monitoring of each Borrowing Company's performance and asset strength, loan interest and principal repayments and finally bond interest and principal investment payments to bondholders.

By involving itself in the funding lifecycle, LC&F is able to not only control the pace and delivery of investment performance, funding and the lending of funds, but also to identify early difficulties a Borrowing Company may be experiencing.

## The Funding Lifecycle

The funding lifecycle starts with funds being invested into bonds issued by LC&F (with the investment funds being sent by the investor to an account of LC&F held with the Payment Service Provider) and finishes when all interest and principal is returned to bondholders, as can be seen in the diagram below. During the funding lifecycle, LC&F will utilise funds raised via bonds to make loans to UK businesses that it considers creditworthy, that meet LC&F's lending criteria and that have realistic and robust repayment proposals.



## The Lending Process

LC&F sources opportunities to lend from its network of industry contacts/brokers the Directors have established over their careers.

When LC&F identifies a potential Borrowing Company, its borrowing application and associated financials and assets will undergo a full financial review, lending assessment and, if required, a further financial analysis via an independent accountant will be undertaken prior to any decision to lend being made.

The financial review and lending assessment process incorporates but is not limited to the following:

### Review of historical financial information

The historical financial review will seek to analyse the performance of the potential Borrowing Company over the last three years and determine whether the current profitability of the potential Borrowing Company is sustainable. Additionally this review will seek to determine whether the potential Borrowing Company would have been able to afford the level of debt it is seeking, or whether LC&F will be relying on future trading performance to ensure the debt servicing costs and ultimately the principal sum borrowed are repaid.

### An appraisal of non property assets

The non property appraisal will seek to ascertain the value of non property assets, both physical (e.g., stock, vehicles & equipment) and non physical assets (e.g., the potential Borrowing Company's debtor ledger and the value of contracts) will be assessed in line with UK accounting standards.

### An appraisal of property assets

The property appraisal will undertake an assessment of the current market value of the property offered as security. This will entail the property being assessed by an independent surveyor to confirm the property's market value. For property development funding the survey will include a gross development value of the finished property/project.

### An assessment of projected turnover and profits

As part of its assessment process, LC&F will require potential Borrowing Companies to provide projected financials for the period of the loan to demonstrate that both interest and principal are able to be repaid. The projected figures will be stress tested to simulate a downturn in turnover and an increase in costs to ascertain whether the potential Borrowing Company can still afford the debt servicing costs in challenging economic conditions.

### An assessment of repayment proposals

This assessment seeks to determine whether the repayment proposals are realistic, understandable and in line with the financial information (historical and forecasted) provided by the potential Borrowing Company. Additionally LC&F will seek to test whether the ultimate repayment of principal funds borrowed is achievable in the timescales of the loan.

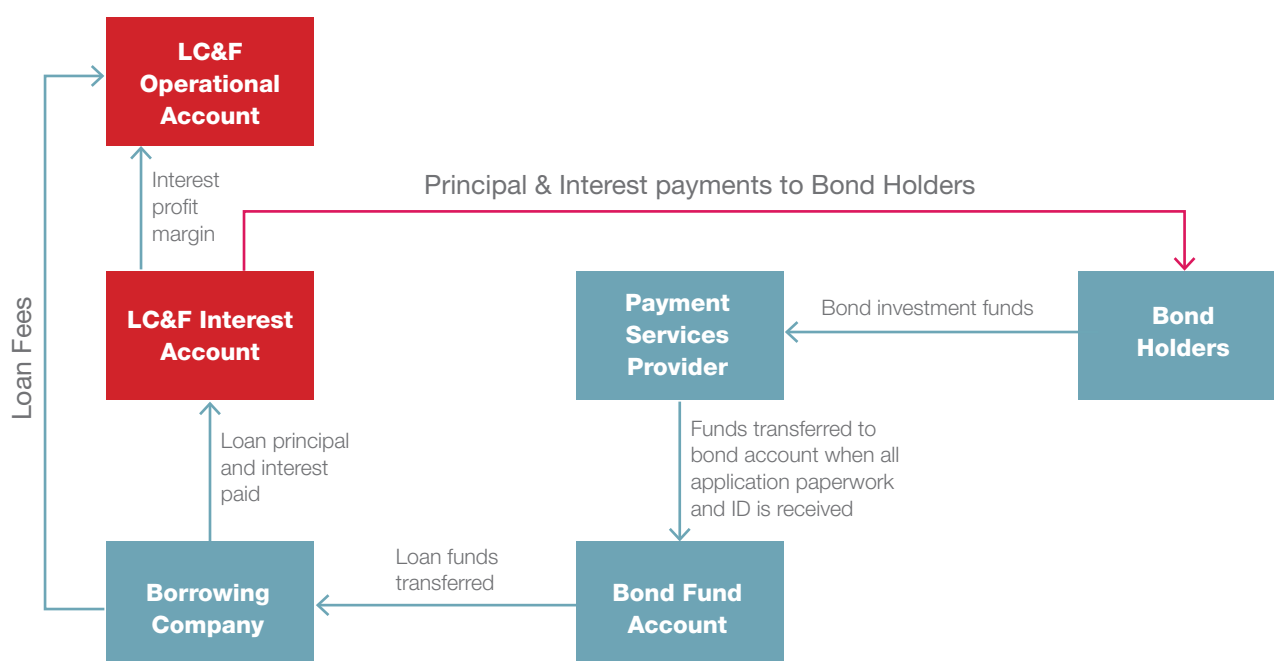
### An assessment of the potential Borrowing Company's management, track record and experience

The management assessment seeks to determine whether the leadership and management of the company has sufficient experience and depth of knowledge to deliver the financial performance required to repay any borrowing.

In addition to the technical aspects of the credit assessment highlighted above, LC&F, when making its decision whether to offer a loan to a potential Borrowing Company, will also consider the term of the loan against the term associated with the bond funding it has available to lend.

LC&F raises funds through the issue of bonds which are to be redeemed after various numbers of years (for example, bonds which are to be redeemed one year after they are issued, bonds which are to be redeemed two years after they are issued and bonds which are to be redeemed 3 years after they are issued etc) and has back office systems in place to segregate the sources of funds it has available to lend. By doing this, LC&F is able to offer loans in line with its commitments. As such, 1-year bond funding will be utilised to fund short term loans such as bridging finance, property development and project finance and 3-year bond funding will be utilised to fund longer term loans such as property and company acquisitions. By segregating its sources of funding, LC&F is able to align the term of the loans it offers, and therefore the payment of principal and interest, to the sources of funding utilised to fund the loans.

Once a potential Borrowing Company has been assessed as creditworthy, agreed security is taken and legal documents are prepared and signed. Only when all legal and security documentation has been completed to LC&F's satisfaction will funds be transferred to the Borrowing Company. Loan interest payments are collected by LC&F and in turn interest is paid to bondholders when due. At the end of the loan term, the principal amount of borrowed funds will be repaid by the Borrowing Company and LC&F will repay the original investment amount to the bondholders when due. This process is demonstrated in the diagram below.



## Strong risk controls

In addition to the physical security charged, LC&F has controls in place to alert it to any repayment issues early on and where prudent, will have in place exit strategies to minimise the impact of defaults. For example, LC&F will have a right to ask Borrowing Companies to provide information about their business from time to time to enable LC&F to monitor the financial health and viability of the Borrowing Company. In the case of any facility over £2m, LC&F – as an additional layer of due diligence – will require the Borrowing Company to allow LC&F (if LC&F deems it necessary) to hold a non-executive position on the Borrowing Company's board of directors for the duration of the loan. By adding these additional layers of control and monitoring, LC&F has endeavoured to create multi layers of security and safeguards to protect bondholders' capital.

## Income Generation

Income is generated by charging a Borrowing Company lending fees of up to 2% and making an interest 'turn' on the funds LC&F lends. As a mathematical example: for a £1 million loan, a set-up fee of £20,000 would be charged and a target 10% interest would be charged for the loan. On a 3-year bond the interest payable to bondholders would be 8% (being 6.4% when paid net of basic rate income tax at 20%) or £80,000 pa (being £64,000 when paid net of basic rate income tax at 20%) and the interest charged to the Borrowing Company for this loan would be £100,000 per annum. After deducting interest owed to bondholders, LC&F in this example would earn £20,000 per annum in interest and £20,000 in fees.

All loans made will be on a fully secured basis (charge over assets from all borrowing businesses at no more than 75% loan to value). All sector lending will be considered.

As at 15/08/2017, the outstanding loans made by LC&F had an aggregate principal amount of £81,873,831.06. As at 15/08/2017, there had been no defaults on the loans made by LC&F. **Please note that past performance is not a reliable indicator of future results.**

Loans have been made by LC&F to UK businesses operating in the following sectors (amongst others):

- a) hotels and leisure;
- b) property; and
- c) natural resources.

The proceeds raised from the issue of the Series 9 Bonds will be used by LC&F to refinance certain liabilities of LC&F in the aggregate principal amount of £553,000. These liabilities were assumed by LC&F in connection with the financing of loans to an UK companies.

## Financing of LC&F's business model to date

LC&F has undertaken, or is undertaking, the following fundraisings in order to finance its lending to UK businesses.

### First fundraising

LC&F's first fundraising was a small private debt raise conducted in 2013 and repaid in 2014 (the "**First Fundraising**").

### Second fundraising

The second fundraising undertaken by LC&F involved the issue of secured bonds having a term of either one year, two years or three years and bearing interest at the rate of 8.5% per annum (all such bonds being "Series 2 Bonds"). The Series 2 Bonds are secured by a debenture over all of the assets of LC&F. This debenture was granted by LC&F to the Trustee and the Trustee holds the benefit of the debenture on trust for the holders of the Series 2 Bonds. The Series 2 Bonds were issued by LC&F between 13 September 2013 and 7 January 2016.

As at 15/08/2017, Series 2 Bonds in the principal amount of £1,701,094.13 remained outstanding.

All the Series 2 Bonds are to be redeemed by November 2018 and LC&F is currently servicing the interest payments on, and repaying, the Series 2 Bonds as they fall due using the payments of interest, and repayments of principal, made to it by those UK companies to which LC&F has made loans. LC&F does not intend to issue any further Series 2 Bonds.



**Please note that the Series 2 Bonds are not being offered for subscription pursuant to this Information Memorandum and no applications can be made to subscribe for Series 2 Bonds using the Application Form on page 34 onwards of this Information Memorandum and such applications, if made, will not be accepted.**

#### Series 5

The Series 5 fundraising undertaken by LC&F involved the issue of secured bonds having a term of three years and bearing an interest rate of 8% per annum (all such bonds being "Series 5 Bonds") The Series 5 bonds are secured by a debenture over all assets of LC&F (see further comments below regarding ranking and security). The Series 5 Bonds were issued by LC&F between 2 December 2015 and 24 February 2017.

As at 15/08/2017, Series 5 Bonds in the principal amount of £24,996,800.00 remained outstanding.

All the Series 5 Bonds are to be redeemed February 2020 and LC&F is currently servicing the interest payments on, and repaying, the Series 5 Bonds as they fall due using the payments of interest and repayments of principal, made to it by those companies to which LC&F has made loans. LC&F does not intend to issue any further Series 5 Bonds.

**Please note that the Series 5 Bonds are not being offered for subscription pursuant to this Information Memorandum and no applications can be made to subscribe for Series 5 Bonds using the application form on page 34 onwards of this Information Memorandum and such applications, if made, will not be accepted.**

#### Series 3, Series 4, Series 6, Series 7, Series 8 & Series 9 Bonds

In addition to the First Fundraising, the Series 2 Bonds, the Series 5 Bonds and the Bonds, LC&F has offered and/or proposes to offer and/or proposes to continue to offer for subscription:

- Up to £25,000,000 of series 3, 1 year 3.9% protect secured bonds (the "Series 3 Bonds"): The Series 3 Bonds have a term of 1 year and bear interest at the rate of 3.9% per annum (payable on redemption). The Series 3 Bonds are secured by a debenture over all of the assets of LC&F (see further comments at below regarding ranking and security). As at 15/08/2017, Series 3 Bonds in the aggregate principal amount of £10,639,500.00 had been issued and remained outstanding.
- Up to £25,000,000 of series 4, 2 year 6.5% growth and protect secured bonds (the "Series 4 Bonds"): The Series 4 Bonds have a term of two years and bear interest at the rate of 6.5% per annum (payable every six months). The Series 4 Bonds are secured by a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, Series 4 Bonds in the aggregate principal amount of £12,580,100.00 had been issued and remained outstanding.
- Up to £25,000,000 of series 6, 2 year 6.5% growth and protect secured bonds (the "Series 6 Bonds"): The Series 6 Bonds have a term of two years and bear interest at the rate of 6.5% per annum (payable on redemption). Interest accrued during the preceding year is compounded on the one year anniversary of the date the relevant Series 6 Bond was issued. The Series 6 Bonds are secured by a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, Series 6 Bonds in the aggregate principal amount of £2,293,700.00 had been issued and remained outstanding.
- Up to £25,000,000 of series 7, 3 year 8% growth secured bonds (the "Series 7 Bonds"): The Series 7 Bonds have a term of three years and bear interest at the rate of 8% per annum (payable on redemption). Interest accrued during the preceding year is compounded on the one year anniversary, and the two year anniversary, of the date the relevant Series 7 Bond was issued. The Series 7 Bonds are secured by a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, Series 7 Bonds in the aggregate principal amount of £7,869,200.00 had been issued and remained outstanding.
- Up to £25,000,000 of series 8, 3 year 8% growth secured bonds (the "Series 8 Bonds"): The Series 8 Bonds have a term of three years and bear interest at the rate of 8% per annum (payable every three months). The Series 8 Bonds are secured by

a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, Series 8 Bonds in the aggregate principal amount of £21,979,800 had been issued and remained outstanding.

- Up to £700,000 of series 9, 11% bonds (the "Series 9 Bonds"). The Series 9 Bonds mature on 30 September 2020 and bear interest at the rate of 11% per annum payable on each anniversary of the date the relevant Series 9 Bonds is issued. Under the terms of the Series 9 Bonds, a holder of the Series 9 Bonds can require LC&F to redeem all (but not some) of their Series 9 Bonds early at any time on or after 3 September 2017. The Series 9 Bonds will be secured by a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, Series 9 Bonds in the aggregate principal amount of £553,000.00 had been issued and remained outstanding.

### Bond issuance programme

In addition to the undertaking the First Fundraising and issuing the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds, the Series 8 Bonds, the Series 9 Bonds, and the Bonds, LC&F has listed a £100,000,000 bond issuance programme on the European Wholesale Securities Market, a regulated market operated by the Malta Stock Exchange (the "Bond Issuance Programme"). LC&F may issue bonds pursuant to the Bond Issuance Programme for a period of 12 months from the date the base prospectus in respect of the Bond Issuance Programme was first admitted to listing (being 18 October 2016).

All bonds issued pursuant to the Bond Issuance Programme will be identical except for denomination, issue date, interest periods, interest commencement dates, interest rates, term and issue price. The bonds issued pursuant to the Bond Issuance Programme will be secured by a debenture over all of the assets of LC&F (see further comments below regarding ranking and security). As at 15/08/2017, no bonds had been issued pursuant to the Bond Issuance Programme.

**Please note that the Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, and bonds issued pursuant to the Bond Issuance Programme are not being offered for subscription pursuant to this Information Memorandum and no applications to subscribe for Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, or bonds pursuant to the Bond Issuance Programme can be made using the Application Form on page 34 onwards of this Information Memorandum and such applications, if made, will not be accepted.**

### Issue of other series of bonds in future

In addition to the Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, and bonds that may be issued pursuant to the Bond Issuance Programme, LC&F may issue further bonds, or series of bonds, in future (which may have the same or different terms and conditions attached to them) and, where they are expressed to be secured, these will also be secured by a debenture over the assets of LC&F (see further comments below regarding ranking and security).

### New issue of the Bonds

In order to raise additional finance for the purpose of enabling LC&F to make further loans to UK companies, LC&F is now offering up to £50,000,000 of Bonds for subscription pursuant to this Information Memorandum. Details of the terms and conditions of the Bonds are set out on page 29 of this Information Memorandum.

### Ranking and Security

The Bonds will rank equally amongst themselves (irrespective of when a Bond was issued). The Bonds will rank equally with the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds, the Series 8 Bonds, the Series 9 Bonds, and any bonds issued pursuant to the Bond Issuance Programme. If LC&F issues further bonds or, series of bonds, in future, those bonds may also rank equally with the Bonds.

The Bonds are secured by a debenture over the assets of LC&F. The security will be granted by LC&F to the Trustee who will hold the benefit of the security, and enforce the security, on behalf of Bondholders. As noted above, the Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, any bonds issued pursuant to the Bond Issuance Programme and any other bonds issued by LC&F in future which are expressed to be secured are/will also be (as applicable) secured by a debenture over the assets of LC&F. The security granted in respect of the Bonds will rank equally with the security granted in respect of the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds, the Series 8 Bonds, the Series 9 Bonds, any bonds issued pursuant to the Bond Issuance Programme and any other bonds issued by LC&F in future which are expressed to be secured. LC&F may also issue further security in future which ranks equally with the security granted in respect of the Bonds.

If the security granted to holders of the Bonds is enforced, the claims of Bondholders will rank equally with the claims of holders of the Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, and bonds issued pursuant to the Bond Issuance Programme and other bonds secured by security which ranks equally with the security granted in respect of the Bonds irrespective of, amongst other things, when the relevant bonds were issued and what the terms of those bonds are. There can be no guarantee that the proceeds realised from the enforcement of the security will be sufficient to repay the amounts due to Bondholders in full.

LC&F intends to structure its loans, and the security that it holds in respect of those loans, so that the aggregate of:

- (i) the value of the assets over which LC&F holds security; and
- (ii) the value of the cash held by LC&F in its bank accounts (which will be subject to the security granted by LC&F over its assets),

is at least equal to the value of all the bonds (including the Bonds) issued by it and which remain outstanding at the relevant time.

By involving itself fully in the funding lifecycle LC&F is able to monitor the secured assets and help to ensure at all times, Bondholder funds are protected to 100% of their principal value.

The table below is an illustrated model of how LC&F intends the value of the security is determined and should grow:

	Month 1	Month 2	Month 3	Month 4
<b>Total Bonds outstanding</b>	£750,000	£750,000	£1,500,000	£1,500,000
<b>Client account</b>	£750,000		£750,000	
<b>Total Loans</b>		£750,000	£750,000	£1,500,000
<b>Interest account</b>				
<b>Assets charged</b>		£1,000,000	£1,750,000	£2,000,000
<b>Total secured assets</b>	£750,000	£1,000,000	£1,750,000	£2,000,000
<b>Percentage of Bond Holder funds covered by secured assets</b>	100%	133%	116%	133%

The above table illustrates that, as funds come into the Bond they are initially held in LC&F's client account and that, as this account is charged (pursuant to the debenture granted by LC&F to the Trustee) it becomes part of the Bondholders' security. At this point Bondholder funds are secured at 100% of their value. As the funds are lent out in month 2 to Borrowing Companies the value of the secured assets rises, as LC&F will not lend at greater than 75% loan to security value. At this point the secured assets are 133% of the invested funds. In month 3 further funds are invested and the secured asset value drops to 116% of Bondholder funds as the new funds have not been lent and only provide additional security value at 100% of the invested funds value. By month 4 all funds have been invested and the secured asset value rises.

The above table is for illustration purposes only.

Although LC&F monitors the value of the loans made by it, the value of those loans can go down as well as up.

# MANAGEMENT TEAM

## Andrew Thomson

Andrew is a 20-year financial industry professional who's held senior positions within some of the UK's largest banks and financial organisations, such as Bank of Scotland and latterly the Royal Bank of Scotland, where he was Head of The Business Lending Unit. Andrew has comprehensive experience of providing financing solutions into many sectors as well as modelling financial solutions for both the Mergers & Acquisitions market and those companies requiring turnaround/restructuring support. In addition, Andrew has gained extensive hands-on experience of financing large property projects from conception right through the build programme and ultimate completion. The size of these projects ranged from £2m single residential builds to £100m+ commercial estates.

## F.J. (Kobus) Huisamen

Kobus has experience in corporate finance and advising on M&A, listings and international transactions and projects. He holds a Bachelors in Law, Honours in Management, an MBA (Finance) and a Diploma in Risk, Governance and Compliance.

## Katherine Simpson

Katherine is a career HR specialist. Prior to starting her own successful HR consultancy, JDS HR, she held a number of senior positions with multi-national organisations such as Pfizer and T.E.N. (Sony Warner distribution), where she led the delivery of HR solutions at regional and national levels assisting these companies with their national expansion plans. Building on her experience Katherine set up JDS HR in 2006 to provide proactive HR solutions across all sectors assisting companies with both expansion and change issues. Since 2006 JDS HR has grown significantly and the majority of Katherine's time is utilised in assisting executives with shaping the direction of their companies to enable future expansion.

## Kevin Maddison

Kevin has over 30 years' experience in the service sector covering racing teams, retail, maritime, financial services and international property. An experienced business consultant, his role involves assisting LCF partners improve their sales and administration controls.

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## What is a secured corporate bond?

The Bonds are a secured obligation from LC&F to the Bondholder.

## How is a non transferable corporate bond different from a transferable corporate bond?

This Bond is effectively a private borrowing agreement between LC&F and a Bondholder that cannot be transferred to someone else. In contrast, transferable corporate bonds are freely tradeable instruments.

## Are the Bonds listed?

No, and LC&F will not apply for the Bonds to be admitted to trading on any market or exchange

## Have the Bonds been given a credit rating?

None of the Bonds have a credit rating and LC&F will not apply for them to be given a rating.

## What price are the Bonds?

The Bonds are being offered at a price of £100 per Bond (i.e., their principal amount).

## How much can I invest?

£5,000 is the starting minimum investment with multiples of £100 thereafter with no upper limit.

## Who can invest?

Any UK resident individual who is over the age of 18, or a UK trust, company or charity which is not prevented by the laws of its governing jurisdiction from applying for or holding LC&F Bonds.

## Can I put the Bond into my SIPP or ISA?

The Bonds aren't suitable for ISA's but are suitable for Self-Invested Personal Pensions (SIPPs) subject to approval by the scheme trustees and administrators.

## When will Bonds be issued and how can I confirm my investment has been accepted?

Applications to subscribe for Bonds can be made from 25 August 2017. At the end of each week, there will be an interim close and at this point Bonds will be issued in respect of those applications for Bonds which have been made and accepted in that week.

## How can I confirm my investment has been accepted?

Once your application has been accepted, you will receive a bond certificate from LC&F.

## What return do I receive on my investment and is the interest rate fixed?

The interest rate is 8% a year (being 6.4% when paid by LC&F net of basic rate income tax). Interest payments will be made in arrears on the last day of March, June, September and December in each year a given Bond is outstanding until the relevant Maturity Date and on the Maturity Date .

As an example: if you invest £10,000 into the Bond you will receive an interest rate of 8% per annum (being 6.4% per annum when interest is paid net of basic rate income tax at 20%), which equates to total interest payments over the 36 month term of the Bond of £2400 (being £1920 when interest is paid net of basis rate income tax at 20%). At redemption, the principal amount of the relevant Bonds will also be repaid. HMRC requires LC&F to automatically levy a 20% withholding tax on interest payments.

## When do I get my original investment back?

All of your original investment will be returned in full when the Bond is redeemed on the Maturity Date (being the 36-month anniversary of the date the relevant Bond was issued).

## Are there any hidden fees, charges or deductions?

LC&F will take no fees or make any deductions or charges of any kind on the interest paid by the Bond, but HMRC requires us to

retain a 20% withholding tax for a UK taxpayer (if you are not a UK tax payer please advise us).

### Do the Bonds track the stock or bond markets?

No, the LC&F Bond pays a fixed interest amount.

### Can I withdraw my money before the end of the term?

No, the Bonds have a fixed term, are not transferable and Bondholders do not have the right to redeem their Bonds prior to the Maturity Date.

### Can LC&F repay my Bonds early?

Yes. LC&F may, in its absolute discretion, repay some or all of the Bonds early.

### What is LC&F?

LC&F is an expanding commercial lender that is seeking to help support UK businesses with the provision of credit whilst at the same time providing investors with an attractive return on their investment.

### How will the money be invested in order to pay the Bond interest?

Funds raised by the Bond will be used to make loans to UK businesses and interest will be charged on those loans.

### How are the loan monies protected?

When funds are lent out, a charge over either property or other assets of the Borrowing Company is taken at no more than 75% loan to value. So, for example, for a loan of £750,000, the value of the charged assets of the Borrowing would need to be at least £1 million.

### How much money do you hope to raise with these Bonds?

The Bond is targeted to raise £50 million.

## RISK FACTORS

LC&F believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies that may or may not occur and LC&F is not in a position to express a view on the likelihood of any such contingency occurring.

Factors that LC&F believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

LC&F believes that the factors described below represent the principal risks inherent in investing in the Bonds, but LC&F may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and LC&F does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

### Risks relating to the Bonds

#### Financial Services Compensation Scheme

The protections afforded by the Financial Services and Markets Act 2000 including recourse to the Financial Ombudsman Service and compensation entitlements under the Financial Services Compensation Scheme do not apply. All prospective investors and Bondholders are strongly recommended to seek advice on the suitability of this investment.

## Bonds are not regulated securities

The Bonds constitute loans to LC&F and are not regulated by the Financial Conduct Authority.

## Bonds are not transferable

There is, and will be, no established market for the Bonds as the Bonds are not transferable and you should not invest if you may need to realise your investment prematurely.

## Illiquidity and non-transferability

Investments in unquoted securities (i.e., investments not listed or traded on any stock market or exchange) such as the Bonds are illiquid (i.e., they cannot be disposed of prior to the Maturity Date so as to realise cash). The Bonds are non-transferable, so your money is effectively locked in until Maturity Date of each specific Bond.

## Disposals

Bonds are not transferable. Consequently prospective investors should not submit an application unless they are prepared to hold the Bonds to maturity.

In the event of the death of a Bondholder during the term of a Bond, LC&F is entitled to redeem some or all of a holding early, at face value, without interest.

## No right to participate in management

Bondholders have no right or power to participate in the management of LC&F.

## Taxation

Taxable Bondholders will be liable to taxation on the interest payable on the Bonds and will be required to meet such liabilities from their own resources.

The statements in this Information Memorandum relating to taxation are intended to be a brief description of some of the taxation consequences of investment in a Bond. They do not apply to certain classes of Bondholders such as financial traders that hold bonds as stock or to non-UK resident investors. Potential Bondholders should seek their own specialist's advice on the taxation consequences of an investment in the Bonds.

## Issue of further bonds

LC&F is entitled to issue further series of bonds and other loan arrangements, on different terms (including, but not limited to, the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds, the Series 8 Bonds, the Series 9 Bonds and bonds to be issued pursuant to the Bond Issuance Programme). If LC&F should default and lose management control, all the assets attributable to all series may be pooled and be subject to prior claims by preferred creditors. This may reduce the amount available to Bondholders subscribing under the terms of this offer.

## Running costs paid ahead of distributions to Bondholders

LC&F's fees and running costs will be paid ahead of distributions to Bondholders. Consequently in the event of default these fees and running costs may reduce the amount available for distribution to Bondholders.

## Insolvency

In the event LC&F becomes insolvent the amounts payable to Bondholders may be deemed to be part of LC&F's assets and therefore available equally to all creditors, notwithstanding any priority payment rankings established by LC&F.

## No repayment guarantee

It is intended that LC&F will redeem the Bonds at the relevant Maturity Date. There is, however, no guarantee that LC&F can facilitate this redemption. There may be circumstances including legislative change or new and prohibitive tax regimes in which such capital realisation may not be successful.

## Early Redemption

The Directors of LC&F have a discretion to redeem Bonds early and a discretion to redeem some Bonds early but not others.

## Event of Default

For a default to occur (such that the security granted by LC&F to Bondholders can be enforced), Bondholders holding over 75% of the Bonds need to give notice of that default or LC&F must call a default itself. This means that it can be different for Bondholders and, in particular, individual Bondholders to declare an event of default such that the security granted by LC&F over its assets can be enforced.

## Proceeds of the realisation of security

The Bonds are secured by a debenture over the assets of LC&F. There can be no assurance that, in the event that this security is realised, the amounts realised will be sufficient to satisfy the obligations to repay principal and accrued interest under the Bonds.

## Change of law

The terms of the Bonds are based on English law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

## Intermediary Commissions

Subject to the agreement of their client, regulated intermediaries may allocate a subscription commission from the gross amount to be remitted with the Application Form. LC&F will arrange payment of the subscription commission as directed by the intermediary on the Application Form, before applying the net subscription to the Bonds.

## Money Laundering Regulations

To ensure compliance with the Proceeds of Crime Act 2002 and The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, LC&F may at its absolute discretion require verification of identity from any subscriber for the Bonds and without prejudice to the generality of the foregoing, in particular, where any person appears to be acting on behalf of some other person, verification of the identity of the person on whose behalf the subscriber appears to be acting may be required.

If within a reasonable period of time following a request for verification of identity LC&F has not received evidence satisfactory to it as aforesaid, it may, at its absolute discretion, reject any such application for Bonds in which event the remittance submitted in respect of that application for Bonds will be returned to the relevant subscriber (without prejudice to any rights to undertake proceedings to recover any loss suffered as a result of the failure to produce satisfactory evidence of identity).

## EU Savings Directive

The EU has adopted a Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to (or for the benefit of) an individual resident in another Member State or to (or for the benefit of) certain limited types of entities established in another Member State, except that Austria and Luxembourg are instead required to impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The ending of such transitional period is dependent on the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. It is not clear if and when such changes will be implemented. Any such changes may impact Bonds that have already been issued. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither LC&F nor any other person would be obliged to pay additional amounts with respect to the Bonds as a result of the imposition of such withholding tax. LC&F is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.



## Forward Looking Statements

This Information Memorandum includes forward-looking statements. The words 'believe', 'anticipate', 'expect', 'intend', 'plan', 'continue', 'assume', 'may', 'will', 'should', 'shall', 'risk' and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings 'Risk Factors' and 'Investment Opportunity' regarding LC&F's strategy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond LC&F's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Recipients of this Information Memorandum are cautioned that forward-looking statements are not guarantees of future performance and that LC&F's actual results of operations, financial condition and liquidity, and the development of the industry in which LC&F operates may differ materially from those made in or suggested by the forward-looking statements contained in this Information Memorandum. This cautionary statement should be considered in connection with any subsequent written or oral forward-looking statements that LC&F, or persons acting on its behalf, may issue.

These forward-looking statements reflect LC&F's judgment at the date of this Information Memorandum and are not intended to give any assurances as to future results. LC&F undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this Information Memorandum.

## Risks relating to the business of the Company

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### Identification of sufficient Borrowing Companies

There is no guarantee that sufficient Borrowing Companies will be identified in time for sufficient loan interest payments to be achieved prior to maturity of the Bonds. In this event, there is unlikely to be sufficient capital to enable LC&F to repay the principal from its reserves alone. Such delays in identifying Borrowing Companies may reduce or delay returns to Bondholders.

### Changes in market conditions

Changes in market conditions during the term of the Bonds may have an adverse impact on the Borrowing Companies' and LC&F's operational or exit strategies from such Borrowing Companies.

### LC&F is dependent on Borrowing Companies to repay loans

LC&F makes loans to Borrowing Companies and is reliant on these Borrowing Companies to repay the loans LC&F grants in order for LC&F to be able to make payments of principal and interest to Bondholders. If a significant volume of loans fall into default, LC&F may not have sufficient funds to be able to pay principal and interest to Bondholders within the timescales of the Bond.

### Realisation of secured assets

The security held by LC&F in respect of loans made to Borrowing Companies is illiquid (i.e., this security is in respect of property and it will not be feasible to immediately realise this security and dispose of the relevant properties so as to realise cash). If LC&F has to call in security against a loan the security will need to be sold to realise funds to repay Bondholders. LC&F cannot determine how long such a sale will take or that a satisfactory price will be achieved; as a result LC&F may not be in a position to make payments to Bondholders within the timescales of the bond.

Economic conditions could materially and adversely affect the ability of LC&F to dispose of any secured assets, which in turn could have an adverse effect on LC&F's ability to make payments to Bondholders.

### Valuations

The valuation of an asset is inherently subjective due to, amongst other things, the individual nature of each asset, and valuations are sensitive to changes in market sentiment. As such, valuations are subject to uncertainty and cash generated on disposals may be different from the value of assets previously carried on LC&F's balance sheet. There is no assurance that valuations of assets, when made, will reflect the actual sale prices even where those sales occur shortly after the valuation date. This may mean that the value ascribed by LC&F to the assets held by it or over which it has taken security may not reflect the value realised on sale, and that the returns generated by LC&F on disposals of such assets may be less than anticipated.

## Information technology

LC&F is reliant upon certain technologies and systems (including IT systems) for the running of its business. Disruption to those technologies or systems could adversely affect the efficiency of the business. LC&F may have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put LC&F at a competitive disadvantage. The technologies or systems that LC&F chooses may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy.

## Personnel

LC&F's performance is dependent on the continued services and performance of members of its board and senior management team and skilled personnel. If LC&F does not succeed in retaining skilled personnel, fails to maintain the skills of its personnel or is unable to continue to attract and retain all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives which may have an adverse effect on LC&F's business, results of operations, financial condition and/or prospects.

The departure from LC&F of certain members of its board or senior management team could, in the short term, have an adverse effect on LC&F's business, results of operations, financial condition and/or prospects. The loss of the services of members of its board or senior management team and skilled personnel could materially adversely affect LC&F's business, financial condition or results of operations.

## Competition

LC&F may face competition from other companies engaged in similar business. This may adversely affect its ability to raise sufficient funding to fund its loan requirements and or make a sufficient volume of loans at a satisfactory margin.

## Conflicts

The Directors and other persons acting for LC&F may from time to time act as director of, for or on behalf of or be otherwise involved in, companies established by parties other than LC&F which may have similar objectives to those of LC&F.

Any of these companies may, in the course of business, have potential conflicts of interest with LC&F. Each will have regard in such event to his, her or its obligations to LC&F and will endeavour to make full disclosure of these conflicts and to use best efforts to see that such conflicts are resolved fairly. In addition any of the foregoing may deal, as principal or agent, with LC&F, provided that such dealings are fully disclosed in advance and carried out as if effected on normal commercial terms negotiated on an arm's length basis.

## Risks related to the market generally

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### Macro-economic conditions

LC&F's business is subject to inherent risks arising from general macro and sector-specific economic conditions in the UK. As a lending business operating predominantly in the UK, LC&F's customers could be affected by deterioration in the general macro or sector-specific economic conditions in the UK and hence this could impact on LC&F's profitability, credit rating, borrowing costs and ability to fund itself.

Changes to the general macro or sector-specific economic environment in the UK could arise due to a slowing of gross domestic product (GDP) growth, increases in the bank base rate, changes in the level of unemployment or changes due to inflationary pressures on consumer prices.

The exact nature of the risks faced by LC&F is inherently difficult to predict and guard against. As a result, the macro-economic conditions may have a material adverse impact on LC&F's operating results, financial conditions and prospects and may impact the ability of LC&F to make payments in respect of the Bonds.

### United Kingdom's continued membership of the European Union

On 23 June 2016, the United Kingdom conducted a referendum on the question of whether the United Kingdom should remain a

member of the European Union. The outcome of the referendum was that a majority of those who voted voted in favour of the United Kingdom ceasing to be a member of the European Union.

As at the date of this Information Memorandum, steps have been taken by the United Kingdom Government to implement the result of the referendum, though it is not known how the United Kingdom will leave the European Union, what will replace relationships with or through the European Union or the terms on which the United Kingdom will continue to trade with the European Union once it ceases to be a member of the European Union.

The United Kingdom's withdrawal from the European Union and the terms on which the United Kingdom continues to trade with the European Union following such withdrawal (and the uncertainty regarding such matters) could have an adverse effect on the general macro and sector specific conditions in the United Kingdom and could impact LC&F's performance and/or the performance of companies to which LC&F has made or makes loans.

### Exchange rate risks and exchange controls

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

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

### Interest rate risks

Investment in fixed rate Bonds involves the risk that subsequent changes in market interest rates may make the Bonds less attractive. In particular, if interest rates rise, the income payable on the Bonds might become less attractive.

### Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult his, her or its legal advisers to determine whether, and if so to what extent, (i) Bonds are legal investments for him, her or it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to his, her or its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rule.

The summary set out below describes certain taxation matters of the United Kingdom based on LC&F's understanding of current law and practice in the United Kingdom as at the date of this Information Memorandum, both of which are subject to change, possibly with retrospective effect. The summary is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice. Additionally, the comments below are not intended to be exhaustive.

The summary set out below applies only to persons who are the absolute beneficial owners of Bonds who hold their Bonds as investments and (save where it is explicitly stated otherwise) who are resident and (in the case of individuals) domiciled for tax purposes in the United Kingdom. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with LC&F) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ from that set out below and may be subject to change in the future.

The precise tax treatment of a Bondholder will depend on his, her or its individual circumstances and law and practice in force at the relevant time and therefore may be subject to change. Prospective Bondholders are advised to consult their own professional advisers before investing.

LC&F will be obliged to withhold tax at the basic rate, currently 20%, on interest payments to Bondholders. LC&F will issue a tax certificate with each payment and will remit the tax withheld direct to HMRC. A Bondholder who is subject to UK income tax at a rate not exceeding the basic rate should not be liable for additional income tax on the interest earned on the Bond.

A Bondholder who is subject to UK income tax at rates exceeding the basic rate may be required to pay additional tax after taking into account tax withheld at source by LC&F.

A Bondholder who is not normally subject to tax in the United Kingdom may be entitled to claim repayment from HMRC of the tax withheld at the basic rate by LC&F.

A corporate Bondholder resident in the UK for corporation tax purposes will receive interest payments gross, as there is no withholding tax obligation; such Bondholder will have to pay tax on the interest received at the corporation tax rate applicable to its profits and status. A charity resident in the UK for tax purposes will also be entitled to receive interest gross.

A Bondholder that is a tax-exempt pension scheme constituted as a Self-Invested Personal Pension ("**SIPP**") or Small Self-Administered Scheme ("**SSAS**") will receive interest payments gross, as there is no withholding tax obligation.

No liability to UK Capital Gains Tax should arise on the issue of Bonds or on subsequent redemption. No UK Stamp Duty or Stamp Duty Reserve Tax will be payable on the issue of Bonds or on redemption.

A holding of Bonds should form part of a Bondholder's estate for inheritance tax purposes.

The Bonds are neither an Unregulated Collective Investment Scheme (UCIS) nor a Non-Mainstream Pooled Investment (NMPI).

LC&F considers that the Bonds are Non-Readily Realisable Securities.

The foregoing summary is a general guide and is not a substitute for an investor obtaining professional advice on the taxation implications of their investment.

## Sample illustrated financial projections for investor

Investment amount: £10,000

Coupon: 8% (being 6.4% when paid net of basic rate income tax)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Investment returns	-£10,000	£800 (£640 when interest is paid net of basic rate income tax)	£800 (£640 when interest is paid net of basic rate income tax)	£800 (£640 when interest is paid net of basic rate income tax)	£800 (£640 when interest is paid net of basic rate income tax)	£10,800 (£10,640 when interest is paid net of basic rate income tax)

Illustrative financial projections should not be regarded as forecasts or any form of guarantee of future performance.

## Historic financial information on LC&F

Company financials as filed with Companies House.

	2016 £	2015 as restated £
<b>Non-current assets</b>		
Property, plant and equipment	9,233	
Trade and other receivables	8,848,446	
Deferred tax asset	18,366	
	6,876,045	
<b>Current assets</b>		
Trade and other receivables	3,038,457	1,021,128
Cash and cash equivalents	281,662	8
	3,320,119	1,021,136
<b>Total assets</b>	10,196,164	1,021,136
<b>Current liabilities</b>		
Trade and other payables	2,774,735	695,006
	545,384	326,130
<b>Net current assets</b>		

	2016	2015
	£	as restated £
<b>Non-current liabilities</b>		
Trade and other payables	7,395,837	516,454
<b>Total liabilities</b>	10,170,572	1,211,460
<b>Net assets/(liabilities)</b>	25,592	(190,324)
<b>Equity</b>		
Share capital	50,000	1,000
Accumulated losses	(24,408)	(191,324)
<b>Total equity</b>	25,592	(190,324)

## STATUTORY INFORMATION ON THE COMPANY

### Company details

LC&F was originally incorporated on 12 July 2012 in England and Wales as South Eastern Counties Finance Ltd. LC&F changed its name to Sales Aid Finance (England) Ltd on 21 September 2012 and again to London Capital & Finance Ltd on 1 July 2015. LC&F was converted into a public limited company on 11 November 2015 under the new name of London Capital & Finance Plc. The principal legislation under which LC&F operates is CA 2006.

The registered address of LC&F is The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent TN3 9JS.

The principal place of business of LC&F is The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent TN3 9JS.

### Directors

**M. A. Thomson** | **F.J. Huisamen** | **K.R. Simpson** | **K. A. Maddison**

### Directors' shareholdings and other interests

The beneficial interest of the directors in LC&F are as follows:

Name	Number of shares directly and indirectly held	Percentage of the issued share capital
M. A. Thomson	50,000	100%

Mr M.A. Thomson holds 100% of the issued share capital of London Financial Group Ltd (incorporated in England and Wales with number 09892108), which in turn holds 100% of the issued share capital of LC&F.

The Directors currently hold directorships (other than LC&F) as follows:

Name	Current significant directorships
M. A. Thomson*	
F.J. Huisamen	Weald Stone Ventures Limited Culverland Enterprises Limited
K.R. Simpson	JDS HR Ltd
K. A. Maddison	Global Management Platform Ltd Root Cause Consultancy Ltd

\*A number of the current directorships are held but are mostly either dormant or SPV companies which do not take up any significant time of the Director.

## Conflicts of interest

The Directors, the auditor of LC&F and other functionaries of LC&F may from time to time act as directors, investment adviser, distributor, asset manager, administrator, registrar, auditor, broker or dealer in relation to or be otherwise involved in other companies established by parties other than LC&F which may have similar objectives to those of LC&F. In particular:

- (i) The Directors may organise and/or manage other companies with similar investment objectives and financing arrangements which are similar to those of LC&F. Conflicts of interest exist in the process where the Directors must decide how to allocate and manage simultaneous investments by LC&F. The Directors intend to minimise any adverse effects of these conflicts by obtaining independent evaluations;
- (ii) those entities providing administrative and secretarial and other services to LC&F, may act in similar or identical roles to other entities.

It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with LC&F. Each will, at all times, have regard in such event to its obligations to LC&F and will endeavour to make full disclosure of these conflicts and to use best efforts to see that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with LC&F, provided that such dealings are fully disclosed in advance and carried out as if effected on normal commercial terms negotiated on an arm's length basis.

# SUMMARY OF THE BOND

The following are summary terms of the Bonds.

## Issuer

London Capital & Finance Plc

## Bonds

Series 10, 3-year 8% secured bonds

## Principal amount

The principal amount of each Bond is £100.

## Number of Bonds to be issued

Up to 500,000 (£50,000,000)

## Security

The Bonds are secured by a debenture over the assets of LC&F. This debenture also secures the Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds, Series 8 Bonds, Series 9 Bonds, any bonds issued pursuant to the Bond Issuance Programme and any other bonds issued by LC&F in future which are expressed to be secured (such that all such bonds share equally in, and rank equally in respect of, such security). This debenture ranks equally with the debenture granted by LC&F to secure the Series 2 Bonds.

## Currency

All investment amounts, coupons and redemption will be paid in GBP

## Term

3 years from the date the relevant Bond was issued

## Transferability

The Bonds are non-transferable

## Early redemption by LC&F

LC&F may at any time repay some or all of the Bonds.

## Redemption

The Bonds shall be redeemed by LC&F at the end of their term.



## Events of default

In order for an event of default to occur such that the Bonds become immediately repayable and the debenture granted by LC&F to secure the Bonds can be enforced, LC&F must, in summary:

- (a) fail to pay an amount due under the Bonds within 30 days of the due date; or
- (b) breach the terms of the Bonds; or
- (c) become insolvent or otherwise fail to pay certain debts; and either:
  - (i) Bondholders holding 75% of the principal amount of Bonds then outstanding must give written notice of this event to LC&F; or
  - (ii) LC&F must give notice to Bondholders that such event has occurred and in LC&F's opinion such event is material to the payment obligations under the Bonds.

## Coupon

8% per annum, fixed rate, payments will be made in arrears on the last day of March, June, September and December in each year a given Bond is outstanding until the relevant Maturity Date and on the Maturity Date.

## Bank Debt

At any time when any amount is owed by LC&F to a lender other than pursuant to bonds issued by LC&F, LC&F may postpone the payment of interest on the Bonds.

## Non-recourse

If the proceeds of the issue of the Bonds and/or the Series 2 Bonds and/or the Series 3 Bonds and/or the Series 4 Bonds and/or the Series 5 Bonds and/or the Series 6 Bonds and/or the Series 7 Bonds and/or the Series 8 Bonds and/or the Series 9 Bonds and/or any bonds issued pursuant to the Bond Issuance Programme and/or any other bonds issued by LC&F after the date of this Information Memorandum which are expressed as being secured (the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds, the Series 8 Bonds, the Series 9 Bonds, any bonds issued pursuant to the Bond Issuance Programme and any other bonds issued by LC&F after the date of this Information Memorandum which are expressed as being secured being "Other Secured Bonds") and/or amounts held by LC&F and/or the assets allocated by LC&F to the repayment of the Bonds and the Other Secured Bonds and/or the proceeds of the realisation of the security granted in respect of the Bonds and/or the Other Secured Bonds is less than the amount payable by LC&F in respect of the Bonds and the Other Secured Bonds the obligations of LC&F shall be limited to such net proceeds (which shall be applied in such order as LC&F may decide pro rata (by reference to the aggregate of the principal amount of the relevant Bond or Other Secured Bond (as applicable) and accrued interest thereon at the relevant time)) and no other assets of LC&F will be available for payment of the shortfall. Bondholders shall not be able to institute insolvency, winding-up or similar proceedings against LC&F.

## Final redemption amount

£100 per Bond

The Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds and Series 9 Bonds have terms which are substantially similar to the Bonds (save in respect of interest rate, when interest is paid and term).

# PAYMENTS IN RESPECT OF BONDS AND GCEN

By completing and returning the Application Form in respect of the Bonds you shall automatically be deemed to:

- 1) instruct and authorise Global Currency Exchange Network Limited and/or Global Custodial Services Ltd (together "GCEN") to open an account in your name and to operate such account in accordance with GCEN's standard terms and conditions of business which are available at <https://gcen.co.uk/gcen-terms-conditions/> (such terms and conditions being the "GCEN Terms" and an account operated pursuant to the GCEN Terms being a "GCEN Account").
- 2) accept and agree to the GCEN Terms in respect of the GCEN Account opened by GCEN in your name.
- 3) agree that LC&F may from time to time:
  - a) direct that you make payments pursuant to, or in connection with, Bonds to, and/or using facilities provided by, GCEN; and/or
  - b) make payments to you pursuant to, or in connection with, Bonds using facilities provided by GCEN; and/or
  - c) direct that you undertake foreign exchange transactions in respect of payments pursuant to, or in connection with, Bonds using facilities provided by GCEN; and/or
  - d) undertake foreign exchange transactions in respect of payments pursuant to, or in connection with, Bonds using facilities provided by GCEN; and/or
  - e) direct that sums paid by, or due to, you pursuant to or in connection with Bonds are held by GCEN,

and to consent to GCEN providing such services and/or facilities.

- 4) acknowledge that GCEN shall not be under any obligation to:
  - a) deliver, or procure the delivery of, any bond certificate, certificate of title or any other document in respect of any Bond to you; or
  - b) make any re-imbursement to you in the event that:
    - i) any investment in any Bond is not accepted by LC&F; or
    - ii) any acquisition of any Bond does not complete for any reason,

save to the extent that LC&F has put GCEN in funds to make such reimbursement and instructed GCEN to make such reimbursement;
- 5) agree that GCEN has not made any recommendation, or provided any advice to you, in connection with any acquisition of any Bond;
- 6) agree that neither GCEN, nor any of its/their respective officers, directors or employees shall be liable to you for any losses, liabilities, costs, damages, and expenses ("Losses") which may be incurred or suffered by you in connection with or arising from:
  - a) the performance, non-performance or delay in performance by LC&F of any of its obligations pursuant to the Bonds; or
  - b) any subscription for Bonds,

save where such Losses arise from the fraud, gross negligence or wilful default of GCEN;

- 7) agree that neither GCEN nor any of its respective officers, directors or employees shall under any circumstances be liable to you for loss of profits or goodwill, anticipated savings, or any type of special, indirect or consequential loss arising in connection with any subscription for any Bonds or any interest in any Bonds;
- 8) agree that GCEN shall not be in any way responsible or liable for the acts or omissions of any third party;

- 9) agree that nothing in paragraphs 6, 7 and 8 above shall limit the liability of GCEN or any of its respective officers, directors or employees:
- a) for death or personal injury resulting from the negligence of GCEN or its respective officers, directors or employees; or
  - b) in any way prohibited by law;
- 10) agree that:
- a) GCEN only accept electronic fund transfers into bank accounts held in the name of GCEN;
  - b) you shall not make, or attempt to make, any cash payment or cash deposit into any bank account held in the name of GCEN; and
  - c) in the event that any cash payment or cash deposit is made into any bank account held in the name of GCEN, or any attempt is made to make any such payment or deposit, such payment or deposit will not be accepted;
- 11) agree that GCEN and its respective officers, directors and employees may rely upon and enforce the provisions of paragraphs 1 to 10 above (inclusive).

## SUBSCRIPTION AGREEMENT FOR BONDS IN LONDON CAPITAL & FINANCE PLC

Unless otherwise defined herein, words and expressions shall have the same meaning as those used in the Information Memorandum.

### Minimum Subscription

At all times the minimum subscription for Bonds that will be accepted is £5,000 or such lower amount as the Directors may determine in their sole discretion subject to compliance with the laws of the jurisdictions in which the Bonds are offered for subscription and provided that, when the Bonds are being offered for subscription within the European Economic Area, the minimum subscription shall not be less than €7,500 (or an equivalent amount). No subscription charge or initial charge will be levied on investors' subscriptions for Bonds. Any interest earned on monies sent to LC&F prior to the relevant Bond(s) being issued to the Subscriber will be for the account of LC&F.

### Offer Price

Bonds will be offered at £100 per Bond.

### Subscription

Applications for Bonds may be received from eligible investors only either directly or via Authorised Distributors

Each subscriber must certify that he, she or it is eligible to receive an Information Memorandum and participate in this offering by completing one of the eligibility certificates attached at the Application Section of this Information Memorandum.

### Application for Bonds

For an application to be considered, LC&F must receive the completed Application Form together with a completed investor classification statement and identification verification documents. Applications can be made either electronically via an Authorised Distributor's web site or by send sending a duly completed original application with supporting due diligence documentation to:

**London Capital & Finance Plc., The Old Coach House , Eridge Park, Eridge Green,  
Tunbridge Wells, Kent TN3 9JS**

The application monies must be remitted and such proof must be included in the Application Form. Remittances are made by direct payment to the following bank details:

Bank name	Santander
Account holder name	Global Custodial Services
Sort code	09-02-22
Account number	10502538
Reference	Unique GCEN reference number e.g. 4457-XXX-XX

Only electronically transferred money in an amount equal to, or in excess of the minimum investment amount will be accepted.

Where applicable commission will be payable to intermediaries on Bonds issued. LC&F may, at the discretion of the Directors, permit subsequent issues of Bonds on such terms as they may determine.

## APPENDIX

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### **Global Custodial Services Limited – FCA Application Our Response to FCA Questions - Transparency and Disclosure Statement**

Global Currency Exchange Network Ltd ("**GCEN**") and Global Custodial Services Ltd ("**GCS**") have been engaged by the Company to provide services to investors during the fund raising process as described elsewhere within this offer document. Both entities are authorised and regulated by the Financial Conduct Authority. Global Currency Exchange Network Ltd is an authorised Payment Institution under the Payment Services Regulations 2009 with the authorisation number 504346 Global Custodial Services Ltd are authorised under the Financial Services and Markets Act 2000 with the authorisation number of 595875. The details of both entities and further information can be found on the FCA Firm Register.

In the performance of the fund raising process it is important to note that each entity undertakes differing functions and the processes that they perform are described below.

GCEN will undertake Anti Money Laundering ("**AML**") due diligence and identification processes to determine the source of the funds and confirm the identity of the investor. During the conduct of the AML processes the client's investment capital shall be held in a segregated client account, as required under the Payment Services Regulations. GCEN are required to segregate all clients' capital from that of the firm and further for the capital to be held in a designated account with an appropriate institution.

Where the capital received is not in the currency that is required to be paid to the Company, GCEN shall undertake a capital currency conversion to be conducted at the prevailing markets rates.

On the completion of the AML processes, and following any currency conversion if required, the client's investment capital is then remitted to GCS for safekeeping until the Company instructs us to draw down on the money.

GCEN are required to hold the investment capital in a segregated bank account separate from any funds of GCEN and on trust for the investors as per the Financial Conduct Authorities Client Money and Assets Rules.

Both GCEN and GCS take the protection of investors' capital seriously and have to that end introduced robust procedures for the daily monitoring and maintenance of the segregated client accounts.

### **Payment services**

The Company has engaged Global Currency Exchange Network Limited and its affiliate entity, Global Custodial Services Limited to provide payment services and certain related services in respect of the subscription process. GCEN is regulated by the FCA as an Authorised Payment Institution in accordance with the Payment Services Regulations 2009. GCS is authorised and regulated by the FCA to hold a client's money on their behalf.

GCEN and GCS provide their services to the Company as follows:

- GCEN provide a dedicated bank account into which subscribers to the Bond issue may deposit their subscription. GCEN may also undertake to convert any subscription not made in Pounds Sterling.
- GCEN will arrange for subscriptions to be held securely in a segregated Client Money account with GCS, until the Company directs their transfer to the Company.
- GCEN undertakes to verify the identities of each investor and the source of their subscription moneys, in accordance with the provisions of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and current industry best practice. GCEN has the authority of the Company to return any moneys to the source

from which they are believed to have come in circumstances where an applicant for Bonds cannot be properly or correctly identified or the source of the money cannot be established.

- The Company will calculate any income distributions payable to Bondholders and will either pay such income distributions directly to Bondholders itself or instruct GCEN to pay the income distributions to Bondholders in strict adherence to the Company's instructions. In this respect, the Company will ensure that moneys transferred to GCEN will be net of all withholding taxation or other dues for or on behalf of the investors concerned. It shall not be GCEN's duty to calculate such taxation or other amounts withheld, but merely to process the payments in this respect which the Company or its auditors provide to GCEN.
- Upon redemption of the Bonds, proceeds of redemption shall either be paid by the Company directly to the Bondholders entitled to receive these monies or be transferred by the Company to GCEN for onward payment to the Bondholders entitled to receive these monies.

GCEN and GCS clarify that their duties do not, in any circumstances, extend to:

- management of the Bonds or any other investments;
- scrutiny of any investment management mandates or decisions or any decisions taken by the Company to make use of externally provided secured finance; or
- the custody, safe-keeping or security trusteeship of the Bonds or of any other assets from time to time held by or in the name of the Company.

Nor for avoidance of doubt is GCEN or GCS in any way involved with supervising, validating, verifying or rendering advice of any sort upon any real estate transaction or asset at the level of the Borrowing Company.

GCEN's services are provided subject to the Payment Services Regulations 2009, which do not afford Bondholders access to any form of compensation scheme in the event that GCEN should default. The default of GCS may entitle any Bondholder who is an "eligible claimant" under the FCA Rules to make a claim against the Financial Services Compensation Scheme, for a payment that is capped at a maximum of £50,000, regardless of any loss or alleged loss sustained.

GCEN and GCS have jointly required the Company to execute its standard terms of business, under the terms of which each of GCEN and GCS are entitled to be indemnified in the event of the Company's fraud, wilful default or negligence of the Company insofar as either GCEN or GCS has sustained loss (not limited to financial loss) as a direct result thereof.

Further information with regard to the services provided by GCEN and GCS can be found at [www.gcen.co.uk](http://www.gcen.co.uk) inclusive of Terms and Conditions and supporting FAQ's.

## How do I speak with **LC&F**?

Investors who have any questions concerning the Bond can speak directly with the Company. The contact details are:



0800 410 1155



info @londoncapitalandfinance.co.uk



www.londoncapitalandfinance.co.uk

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[www.londoncapitalandfinance.co.uk](http://www.londoncapitalandfinance.co.uk)