RCB investor update

December 2021

Contents

Cover image courtesy of Hightown Housing Association

Introduction

Purpose

RCB Bonds PLC ("RCB") is a bond issuing platform created to raise debt finance for charities and ethical companies through bonds listed on the Order book for Retail Bonds (ORB) of London Stock Exchange.

By issuing the bonds through a special purpose vehicle and lending on the proceeds, RCB allows borrowers to reach out to their natural supporters for amounts of £10 million or more, while allowing investors to trade the bonds in the secondary market.

RCB is governed by an independent board of directors, acting on a pro-bono basis, which reviews applications by appropriate, established organisations for loans. As a special purpose issuing vehicle it has no employees and all management and administrative services are carried out under a services agreement by Allia Bond Services Limited (ABS), a wholly-owned subsidiary of Allia Ltd.

RCB is not a charity but its articles do not permit any distribution of profits. The shares of RCB are principally held by RC Bond Holdings Ltd, an independent special purpose holding company. One special share is held by Allia Ltd, itself a charity, which provides that the articles of RCB cannot be changed without the consent of Allia Ltd.

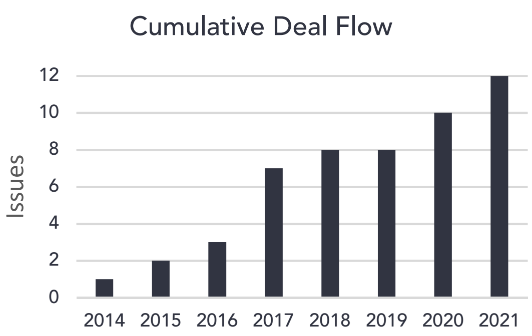
How it works

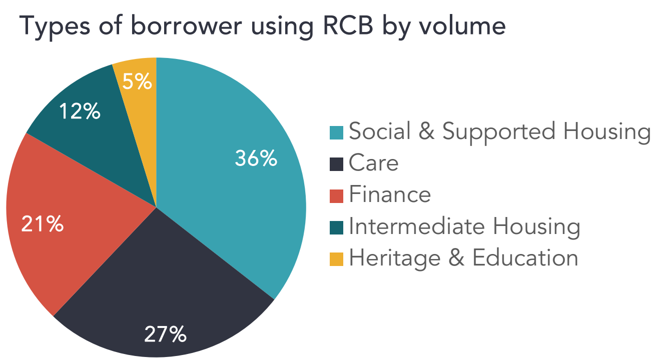
RCB issues the bonds in the name of the individual borrower and then lends the proceeds directly to the borrower (on virtually identical terms). There is no cross collateralisation between each bond and loan, so no borrower takes credit risk on any other. This means investors depend on the individual borrower to service their bonds.

The bonds are listed on London Stock Exchange and can be bought and sold through intermediaries.

Performance

To date, RCB has issued over £375m of bonds through 12 issues for seven different charities that operate across five sectors.





This report provides a summary of the latest information from each borrower that has raised funding through RCB.

RCB Platform

The board

RCB is governed by a board of directors with significant experience in the financial and social impact sectors. This independent board will review applications by appropriate, established charities seeking loan finance.

The Board has established three committees:

- The review committee, which considers and makes recommendations to the board regarding prospective borrowers.
- The audit committee, which considers matters in relation to any audit of RCB and the appointment of external auditors, and makes recommendations to the board.
- A nomination committee, which will consider the appointment of directors of RCB.

Management (Servicer)

As a special purpose issuing vehicle, RCB has no employees and all management and administrative services are carried out under a services agreement by Allia Bond Services Limited a subsidiary of Allia C&C. They include:

- Company Secretarial services
- Company accounting services
- Management of the RCB bank accounts
- Compliance reporting administration
- Ensuring borrowers are aware of their payment obligations under the terms of the loans
- Notifying RCB, the registrar, the agent and the Trustee of unpaid interest or early repayment
- Notifying RCB and the Trustee of any default under the terms of the loan
- Managing correspondence between the borrowers and RCB

Allia C&C, part of the Allia group, provides debt advisory and arranging services, and arranges the RCB bonds on behalf of borrowers. It also acts as lead manager on the new issues and supports secondary market trading for institutional investors.

Social Impact Statements

RCB was set up to provide capital for UK charities and ethical companies who want to increase their social impact. All of the borrowers deliver substantial social benefit to their communities. This is a key tenet of the RCB platform.

Under the terms of the RCB loan agreement, borrowers are required to publish an annual statement of social impact.

These are available on the RCB website at https://rcb-bonds.com/investors.

RCB Platform cont.

Key terms

- Proceeds from each issue of bonds are on-lent to the relevant borrower under a loan agreement.
- The terms of the loan agreement and the bonds are aligned – the borrower pays RCB two business days before bond payment dates, so pre-funding RCB's bond obligations.
- RCB's rights in respect of the loan agreements are charged as security and assigned to the Trustee for the benefit of bond holders.
- All notes have an expected maturity date and a legal final date (n.b. all repayment dates quoted in this report are "expected maturity dates" unless stated otherwise).
- To date the loans have not been secured on any assets of the borrowers.
- Under the loan agreement borrowers are typically required to provide an unencumbered asset:debt covenant broadly along the following lines: the sum of the Uncharged Property Value, the Total Cash Amount and any Repayment Funds shall not be less than 130% of the Total Unsecured Debt of the borrower as determined by reference to its Financial Statements (for specific terms for each borrower see their prospectus).
- There is also a "Most Favoured Lender" covenant, so if a borrower provides their unsecured lenders with a more beneficial covenant then in certain circumstances that financial covenant will be extended also to the RCB loan.

Patrons

The RCB platform was developed by Allia Ltd, a charity and pioneer in social investment. Allia supports organisations dedicated to making a positive social impact with business support, affordable workspaces and access to finance.

The creation and operation of the platform have been made possible by the support of a range of other patrons who have provided significant assistance.

Directors

John Tattersall LVO Chair

John Tattersall is Chairman of the board of UK Asset Resolution and a non-executive director on the board of UBS Business Solutions AG. He is also Chair of two charities, a trustee of two others, a non-stipendiary priest in the Church of England and an Honorary Canon of Christ Church Cathedral in Oxford.

Ian Coleman

Ian Coleman is currently a non-executive director or consultant to organisations in the banking, property, professional services, and health sectors. By background he led the global development of PwC's Valuation & Strategy practice for over eight years, and prior to this worked as an investment manager at 3i, a venture capital firm.

Gordon D'Silva OBE

Prior to his retirement Gordon started up and led numerous social businesses. He is the recipient of an honorary doctorate and professorship in business and was voted one of the UK's top seven social entrepreneurs by the Guardian in 2008. In 2011 he was awarded the Order of the British Empire for his contributions to social enterprise and was until recently UN Senior Advisor on Social Enterprise.

Tom Hackett Chair of the Transaction Review Committee

Tom Hackett is a member of the board of trustees of a number of UK charities and, prior to retirement, was Director General, Lending, at European Investment Bank.

Tim Jones

Tim Jones was Chief Executive of the Allia Group for 17 years from 2002 to 2019 and is now Chairman of Allia C&C. He is also Chairman of Treatt plc and Chairman of TMJ Interiors. Tim is a Member of the Chartered Institute for Securities and Investments (MCSI) and an Associate of the Chartered Insurance Institute (ACII).

Alex Stephens

Alex Stephens is an Investment Director at Big Society Capital ("BSC") and sits with in their Social Lending team, leading on Debt Funds. She has been involved in managing a range of different investments, including from Charity Bonds, blended finance and social venture.

Philip Wright Chair of the Audit Committee

Philip Wright is a director of Allia Ltd and a non-executive director of EuroEyes Limited, a quoted Hong Kong company specialising in laser eye and lens surgery and operating in Germany, the People's Republic of China and Denmark.

Issuance

Issuer	Date issued	Maturity	Coupon	Loan Amount	Retained Bonds	LSE ref.	ISIN
Golden Lane Housing[1]	Jul-14	Sep-21	4.38%	£11.0m	-	MCAP	XS1066485902
Golden Lane Housing	Nov-17	Nov-27	3.90%	£18.0m	-	MCP2	XS1713569629
Golden Lane Housing	Jul-21	Jul-31	3.25%	£11.0m	£4.0m	MCP3	XS2357539522
Hightown Housing Association	Apr-15	Apr-25	4.40%	£27.0m	-	HTOP	XS1200788369
Hightown Housing Association	Oct-17	Oct-27	4.00%	£31.5m	£6.5m	HT02	XS1695541299
Dolphin Living	Jun-17	Jul-26	4.25%	£25.0m	£20.0m	DSCF	XS1634535253
Greensleeves Homes Trust	Mar-17	Mar-26	4.25%	£50.0m	-	GSHT	XS1575974933
Greensleeves Homes Trust	Dec-20	Dec-30	5.00%	£25.0m	-	GHT2	XS2250730749
Belong Limited 2018	May-18	Jun-26	4.50%	£37.0m	£13.0m	BEL1	XS1821505259
Charities Aid Foundation	Mar-16	Apr-26	5.00%	£20.0m[2]	£10.0m[2]	CAF1	XS1386668591
Charities Aid Foundation	Nov-21	Oct-31	3.5%	£30.0m	£20.0m	CAF2	XS2408363278
The Alnwick Garden Trust	Mar-20	Mar-30	5.00%	£10.0m	£8.0m	AGT1	XS2132997433
Total				£295.5m	£81.5m		

The following pages set out a commentary on each of the RCB borrowers.

Financial data is drawn from their last financial statements, updated where appropriate with data published in any trading updates and announcements.

Ratios have been calculated by Allia C&C on the basis set out in Appendix 1.

1 Issue has matured and been repaid to holders.

2 CAF purchased £12.8m of the 2026 bonds on 9 December 2021. The bonds were surrendered for cancellation and the outstanding amount of the loan was reduced accordingly. The retained bonds were also cancelled.

Charities Aid Foundation

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Donations & Legacies	£560.6m	£550.9m	£565.0m	£661.1m	£959.9m
Fee Income	£14.3m	£15.4m	£15.8m	£17.2m	£21.5m
Net Interest CAF Bank	£10.8m	£11.1m	£12.3m	£11.5m	£9.8m
Investment Income	£19.1m	£20.3m	£21.2m	£22.7m	£17.3m
Net Income (before investments)	£88.5m	£115.2m	(£12.0m)	£22.9m	£77.4m
Net movement in funds	£165.7m	£129.7m	£5.1m	(£20.6m)	£209.2m
Balance Sheet (excl. depositor accounts)	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Balances at Bank of England	£35.3m	£47.0m	£47.8m	£44.4m	£42.6m
Loans to Banks - repayable on demand	£469.3m	£463.3m	£342.1m	£287.4m	£351.8m
Other Assets	£867.9m	£954.1m	£1,074.5m	£1,112.2m	£1,259.5m
External Debt	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m*
Funds	£1,285.0m	£1,414.7m	£1,419.8m	£1,399.3m	£1,608.4m
Gearing	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.2%*

Regulation

- Charities Aid Foundation (CAF) is a registered charity (reg. no. 268369) and is governed by a Declaration of Trust. This document defines the powers of trustees to achieve CAF's objectives and ensure sound management of the Group.
- CAF Bank (Company no. 01837656), a wholly owned subsidiary of CAF, is regulated by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).
- Capital requirement for CAF Bank is assessed and agreed with the PRA.

Purpose & Operations

- CAF is focused on encouraging efficient giving to charities. It does this in a variety of ways – generally allowing donors to gift funds to it, and claim the tax rebate from doing this, ahead of making any specific donation to a chosen charity (these form part of CAF's restricted funds). In this way it assists all aspects of charitable giving from donors, businesses and charities.
- CAF was set up as an independent body in 1974 when it was spun out of the UK Government.
- CAF's activities are either classified Unrestricted or Restricted, and these are clearly separated in the financial statements.
- The Unrestricted funds are those which the Trustees of CAF are free to use for any purpose in furtherance of CAF's charitable objects. Restricted funds are those to be used in accordance with specific instructions from donors.
- CAF has over 500 employees and operates throughout the world.
- In 2021 it received donations of over £900m and had over £3.0bn of depositor accounts and trust funds.
- CAF Bank is a wholly owned subsidiary of CAF and provides a range of financial services to charities. These range from offering current and deposit accounts to making loans. The bank's services are offered exclusively to charities.
- The funds drawn from the RCB facility are used for general corporate purposes.

Key Management

Sir James Leigh-Pemberton Chair
Mike Dixon Finance Director – CAF
Neil Heslop OBE Chief Executive – CAF
Alison Taylor Chief Executive – CAF Bank

* As per the 2021 accounts – in December 2021 CAF purchased and surrendered £12.2m of the 2026 bonds, which reduced the outstanding balance of its £20m loan from RCB to £7.8m, and borrowed a further £30m from RCB through an issue of new bonds.

Charities Aid Foundation cont.

RCB Loans

£7.2m maturing in 2026 and £30.0m in 2031. There are £20.0m retained bonds unsold of the 2031 issue (the retained bonds of the 2026 issue were cancelled in December 2021).

Debt Portfolio

In December 2021 CAF borrowed £30m through an issue of new bonds which mature in 2031 and purchased £12.8m (out of £20.0m) of the 2026 bonds. The net impact was to increase the level of external debt to £37.2m – all borrowed from the RCB platform. The RCB loans represent a senior obligation of CAF that rank ahead of any donor instructions for the funds held by CAF.

Financial Performance

- The CAF Group does not have any other material operating businesses except for CAF Bank; CAF receives donations which are paid out over time to other charities nominated by the donors (the Restricted Funds). The out flow is limited to the donations received.
- CAF does not benefit from any investment gains on customer accounts – nor has any liability for losses on them. However, it needs to account for these movements in the financial accounts.
- In 2021 CAF recorded a "Net movement in funds" of £209.2m, up from a negative (£20.6m) in 2020.
  - Total Income increased by over £296m in 2021, an increase of 43%
  - CAF benefited from the improvement in the capital markets on customer accounts with a gain of £131.1m in the value of its financial investments (2020: investment loss of £43.0m)
- The Group's overall balance sheet is very strong with significant liquidity available to cover the £37.2m of external debt from RCB. There are:
  - Restricted funds of over £1.5bn, which have been invested across a number of financial investments, on behalf of donors. Investments include £645.5m deposited with banks, of which £321.9m is repayable on demand.
  - Unrestricted funds of £68.5m, which have been invested in deposits with the Bank of England (£41.3m) and deposits with Banks (£29.9m), repayable on demand.
- In meeting the obligations of the RCB loan, both the restricted and unrestricted funds can be accessed.
- Traditionally CAF Bank has made profits which are then distributed by way of Gift Aid to CAF.
- In 2021 no Gift Aid payment was made, a first for several years, for the 2016 to 2020 financial years £15.9m had been paid as Gift Aid.

Credit Considerations

- The impact of Covid 19 was probably felt more by CAF's charitable clients than the organisation and the Social Impact report (discussed below) sets out how CAF responded to Covid 19.
- At December 2021, the only external debt is the RCB loans of £37.2m which is repayable in 2026 and 2031. There is over £1.5bn of assets to meet debt obligations. Over £350m is invested in assets that can be redeemed on demand.
- In 2021 CAF received over £950.0m in donations and legacies making it one of the largest charities in the UK.
- CAF Bank benefits significantly from the financial strength and viability of the overall CAF Group.
- At March 2021 CAF Bank had extended facilities of c.£164.0m (drawn £128.0m) and all lending was secured.

Social Impact

CAF made a significant social impact in 2021, with a particular focus on assisting charities respond to Covid 19, including

- Setting up the CAF Coronavirus Emergency Fund to offer unrestricted grants of up to £10k to UK charities
- Leading a campaign to boost the Gift Aid provision to overcome the funding gap caused by Covid 19 closures and cancellations.

Latest social impact report >

Dolphin Square Charitable Foundation

Dolphin Living

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure^	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover	£17.8m	£8.1m	£9.4m	£9.0m	£11.7m
Operating Surplus	£13.5m	£2.7m	£3.8m	£3.5m	£4.0m
Interest Payable	(£2.2m)	(£3.1m)	(£1.8m)	(£1.8m)	(£3.7m)
Surplus after Tax	£12.5m	£0.2m	£2.4m	£1.9m	£0.6m
EBITDA	*£14.4m*	*£4.0m*	*£5.2m*	*£5.0m*	£6.4m
Operating Margin %	*81%*	*49%*	*55%*	*55%*	54%
Interest Cover	*7.39x*	*1.61x*	*3.53x*	*3.07x*	1.73x
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£172.6m	£216.5m	£244.1m	£255.0m	£258.7m
Cash & Cash Investments	£53.4m	£44.1m	£30.6m	£19.1m	£16.8m
Total Debt	£69.2m	£99.4m	£109.5m	£109.5m	£109.5m
Total Reserves	£161.5m	£161.6m	£164.1m	£166.0m	£166.7m
Net Gearing	*9%*	*26%*	*32%*	*35%*	36%
Net Debt to EBITDA	*1.1x*	*13.8x*	*15.3x*	*18.3x*	14.6x
Owned Properties	600	629	631	660	798
Under Construction	29	2	29	141	10

^ The Income and Expenditure report has been amended to better represent operating performance, therefore EBITDA excludes sale of fixed assets, investment income & finance costs

Regulation

- Dolphin Square Charitable Foundation (DSCF) is an unincorporated trust and a registered charity (reg. no. 1110090).
- DSCF is not a registered landlord although its subsidiary Dolphin Living is. As a result it does not operate within the regulatory framework set by the Regulator Social Housing.
- DSCF meets its charitable objectives by letting the majority of its properties at sub-market rents to
  - people in inner London on low incomes
  - who will most fully occupy each home.
- Rents are set at a percentage of tenant income to ensure they are affordable – while sufficient to cover the costs of the charity.

Purpose and Operations

- DSCF was created in 2005 when the Dolphin Square Trust and Westminster City Council sold their leasehold interest in Dolphin Square, a large residential garden square in Pimlico, Central London built in the 1930s. It was agreed the proceeds from the sale would provide the initial funding for DSCF. The Trust made an initial gift aid payment of £80 million, and with additional payments brought the total endowment to £124 million.
- At March 2021 DSCF owns and manages 798 residential properties across Greater London with a focus on Westminster (42%*).

Growth & Development Ambitions

- At March 2021 DSCF had
  - completed 141 new properties during the year
  - a further 10 under construction.
- The development pipeline has 299 residential properties identified (excluding the 10 above), with the largest scheme being the "New Era" estate in Hackney which obtained planning in July 2020 to develop 199 new homes.
- The new 3-year strategy includes an ambition to develop 200 new homes by 2024.
- The development programme operates without reliance on sales income to subsidise the rented developments.

Key Management

Andrew Giblin Chair

Olivia Harris Chief Executive

James Hedgman Finance Director

Octavia Williams Operations and Compliance Director

* Dolphin Living website

Dolphin Square Charitable Foundation cont.

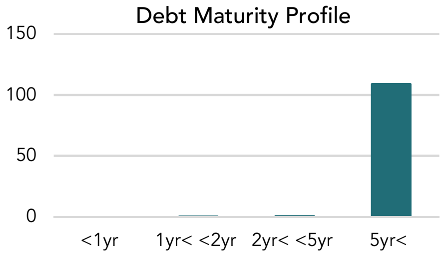
RCB Loans

£25.0m maturing in 2026. There are £20.0m of retained bonds unsold.

Debt Portfolio

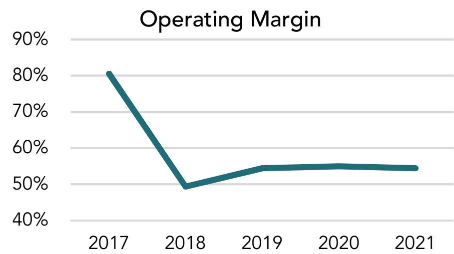
- At March 2020, DSCF had borrowed £109.5m of which £25m is from RCB.
- The debt maturity profile is long – most of it is not due for repayment until after 2040.
- Liquidity is provided by £7.9m in investments (mostly cash equivalents) and £8.9m of cash.

Loan Profile March 2020	
Within one year	-
In one year or more but less than two years	£0.1m
In two years or more and less than five years	£0.4m
In five years or more	£109.0m
Total	**£109.5m**
Fixed Rate	*95%*
Floating Rate	*5%*



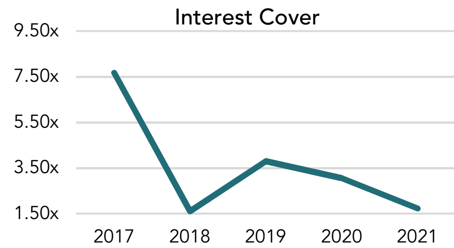
Financial Performance

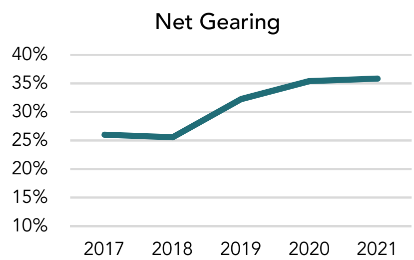
- Financial results have been strong over the last four years with a stable operating business and no reliance on property sales.
- DSCF achieved an EBITDA of £6.4m in 2021, an improvement on 2020's EBITDA of £5.0m.
  - EBITDA margins over 50% for the last four years
  - Completion of 141 new properties, and the rental income they generated, is the stated reason for the increase in EBITDA
- While total debt has not increased, as liquidity has been deployed the Net Gearing has increased to 36%. Funding costs rose in 2021 due to reduced capitalisation rates.
- DSCF is moderately geared, with £109.5m of drawn debt versus £259.0m of property assets at cost. These ignore any increases in the underlying market value of the properties.
- The level of debt would appear to be consistent with an organisation developing social housing in Central London.



Credit Considerations

- The impact of Covid-19 seems to have felt harder on tenants than DSCF. DSCF has proactively engaged with tenants, resulting in rent deferrals (where appropriate) and a minor increase in arrears. The test for the latter will be the end of the furlough scheme.
- DSCF is unusually heavily capitalised for a charity but as a small organisation, with a reasonably sized development programme, it is exposed to some degree of development risk.
- However DSCF looks to have managed this risk well and the credit is underpinned by:
  - Almost £17.0m of liquidity with contracted commitments of £4.2m.
  - A low risk business model - providing a subsidised rental product in a market with almost limitless demand.
  - A central London property portfolio, located in areas of strong value.
  - A majority of short tenancies with an initial three year term ensuring flexibility to manage stock and liquidity.
  - Development programme that is not reliant on property sales at all.
  - Debt portfolio appears to have been managed efficiently with limited refinancing risk over the next 5-years.
- Moving forward the development ambitions (c200 units by 2024) look to be within the capacity of the organisation.





Social Impact

DSCF's founding objectives were to help secure accommodation in Westminster or elsewhere in Greater London for those in housing need who:

- by virtue of their employment in the public, voluntary or private sectors provide important social, economic, environmental political services, and cannot afford normal commercial rents, or
- more generally face poverty, deprivation or disadvantage.

[Latest social impact report >]

Golden Lane Housing

Golden Lane Housing
working in partnership with mencap

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover	£14.6m	£15.6m	£17.3m	£20.7m	£22.7m
Operating Surplus	£4.2m	£3.9m	£4.1m	£4.1m	£4.8m
Interest Payable	(£1.9m)	(£2.0m)	(£2.1m)	(£2.1m)	(£2.2m)
Surplus after Tax	£2.6m	£2.1m	£2.4m	£2.4m	£3.5m
EBITDA	*£5.0m*	*£4.7m*	*£4.9m*	*£4.9m*	*£5.8m*
EBITDA %	*34%*	*30%*	*28%*	*24%*	*25%*
Interest Cover	*2.65x*	*2.31x*	*2.39x*	*2.33x*	*2.57x*
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£90.1m	£93.7m	£98.8m	£106.9m	£111.3m
Cash	£8.1m	£7.0m	£8.6m	£8.6m	£12.8m
Total Debt	£49.3m	£48.0m	£51.6m	£54.2m	£56.4m
Total Reserves	£28.7m	£30.7m	£33.2m	£35.5m	£39.1m
Net Gearing	*46%*	*44%*	*44%*	*43%*	*39%*
Net Debt to EBITDA	*8.3x*	*8.8x*	*8.8x*	*9.3x*	*7.6x*
Managed Properties	804	840	955	1,093	1,197

Regulation

- Golden Lane Housing Ltd (GLH) is a company limited by guarantee incorporated under the Companies Act 1985 (reg no. 3597323) and is registered with the Charity Commission (charity no. 1071097).
- GLH is registered with the English Regulator of Social Housing (RSH) (Reg. Social Landlord No. 4803).
  - The RSH performs a number of functions, including grading and publishing Regulatory judgements across Governance & Financial Viability.
- GLH has regulatory judgements by the RSH of G1 (Governance) and V1 (Viability) – the highest levels for both.
- GLH intends to convert to a community benefit society in FY2022 at which time it will become an exempt charity.

Purpose and Operations

- GLH was established as an independent subsidiary of the Royal Mencap Society in 1998 with a mandate to assist those with learning disabilities to find suitable homes.
- The board of GLH has, in principle, agreed that after the conversion to a community benefit society, it will de-merge from Mencap.
- At March 2021 GLH owns and manages 1,197 properties across England, Wales and Northern Ireland, providing 2,342 tenancies for people with learning disabilities.
- Operations are almost exclusively focused on Supported Housing Activities, with only five market rent properties and where the only property sales are for those properties where GLH's services are no longer required.

Growth & Development Ambitions

- In 2021 GLH increased the number of tenancies by 191; either by
  - acquiring & modifying properties; GLH spent £6.6m in 2021 on the acquisition of new properties, or
  - entering into leases with private landlords.
- GLH has stated it intends to spend £50m over the next five years on the development and acquisition of new stock and £26m on maintaining and improving existing stock.
- GLH generally leases properties from Local Authorities and care providers, although there are some private landlords.
- There are no index linked long term leases, with the average lease arrangement being 3-years. In the majority of cases, the risk on the lease is limited as GLH simply receives a management fee on the property or can hand it back, if no longer required.

Key Management

Neil Hadden Chair
Marilyne Davis Finance Director
John Verge Chief Executive
Melissa O'Donnell Director of Operations

Golden Lane Housing
working in partnership with mencap

RCB Loans (Nov 21)

£18.0m maturing in 2027 and £11.0m maturing in 2031. There are £4.0 retained bonds unsold for 2031 issue.

Debt Portfolio

- At March 2021 GLH had borrowed £27.7m from a number of high street banks and £29m from RCB.
- In July 2021 GLH raised a further £11.0m (with £4.0m retained), the funds were used to repay the £11.0m of RCB bonds that matured in July 2021.
- With the £11.0m of RCB bonds that were repaid in July 2021 the majority (85%) of the debt portfolio is repayable after 5 years.
- Liquidity is provided by £15.0m of undrawn committed loan facilities and £12.8m of cash.
- The loans from the banks and building society are secured by legal charges on individual properties. The RCB bonds are unsecured, and under the terms of the RCB document GLH must meet a 1.3x Net Asset to Loan Covenant. In 2021 Net Asset cover was 2.33x.

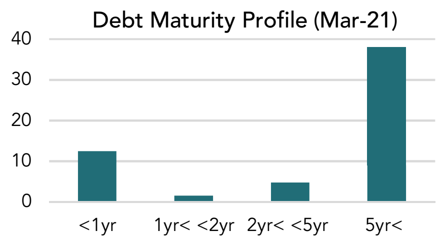
Financial Performance

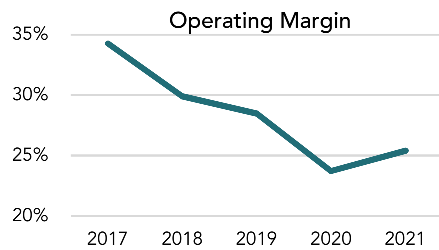
- In 2021 GLH achieved an EBITDA of £5.8m (2020 £4.9m). Social housing turnover increased by 10% (£2.1m), while operating costs only increased by £1.2m.
- The Operating Margin improved in 2021 to 25%, to overturn the trend of the previous four years.
- Leased properties have a lower return – due to the lease payments made to owners. There has been a rise in the number of leased properties which has therefore lowered operating margins.
- Interest cover has been strong, remaining over 2x for the last five years.
- Balance Sheet suggests that GLH has a moderate level of debt, because of the size of the acquisition programme and the modification spending required to make properties suitable for residents.
- GLH had drawn £56.7m of debt (£12.8m cash) against £111.2m of property assets.

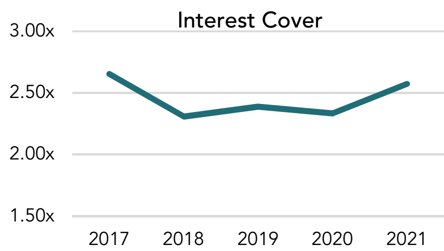
Credit Considerations

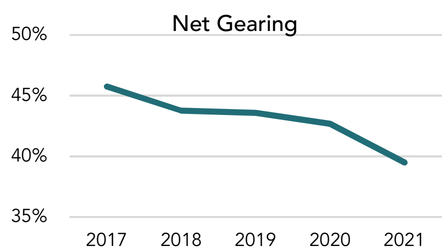
- The organisation seems to have successfully managed the Covid 19 pandemic financially. Operating performance improved and in areas such as voids, which are challenging in Lockdown, GLH was able to pass the cost back to landlords on leased properties.
- The increasing number of leased properties has reduced operating margins but there is limited leasing risk with GLH able to hand back most properties within 3-years.
- GLH has consistently achieved strong financial results and shown an ability to take on, and manage acquisition and adaptation of new properties.
- GLH has traditionally forward funded development activities and maintained high levels of liquidity.
- If the de-merger is completed, then moving forward GLH will not have the support, or the brand awareness of Mencap, which may impact on the ability to raise funds (debt and donations)

Loan Profile March 2021	
Within one year	£12.5m
In one year or more but less than two years	£1.5m
In two years or more and less than five years	£4.7m
In five years or more	£38.0m
Total	£56.7m
Fixed Rate	*72%*
Floating Rate	*28%*









Social Impact

Golden Lane Housing operates in a market where the demand for supported housing outstrips supply. It meets a strong need for housing in the community – with high quality properties adapted to the requirements of the tenants and designed to provide a good environment for them.

[Latest social impact report >]

Hightown Housing Association

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover	£62.8m	£69.4m	£84.7m	£85.5m	£90.1m
Operating Surplus	£19.5m	£22.0m	£26.1m	£25.5m	£26.6m
Interest Payable	(£6.5m)	(£8.1m)	(£10,8m)	(£11.8m)	(£11.3m)
Surplus after Tax	£15.9m	£18.3m	£14.0m	£20.5m	£13.6m
EBITDA	*£22.7m*	*£26.1m*	*£31.1m*	*£31.2m*	*£33.0m*
EBITDA %	*36%*	*38%*	*37%*	*36%*	*37%*
Interest Cover	*3.55x*	*3.33x*	*2.89x*	*2.67x*	*2.93x*
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£530.7m	£590.5m	£679.5m	£778.9m	£853.1m
Cash	£14.5m	£21.9m	£52.0m	£38.3m	£20.9m
Total Debt	£300.4m	£358.0m	£448.8m	£509.9m	£545.6m
Total Reserves	£98.8m	£117.1m	£131.2m	£151.7m	£165.3m
Net Gearing	*54%*	*57%*	*58%*	*61%*	*62%*
Net Debt to EBITDA	*13x*	*13x*	*13x*	*15x*	*16x*
Owned Properties	5,183	5,841	6,237	6,678	7,086
Under Construction	906	1,083	811	879	936

Regulation

- HHA is a community benefit society (reg no. 18077R) and an exempt charity. It is registered with the English Regulator of Social Housing (RSH) (Reg. Social Landlord No. L2179). See p.10 for a description of the RSH's functions.
- HHA has regulatory judgements of G1 (Governance) and V1 (Viability) the highest levels for both.

Moody's Credit Rating

- In January 2021, HHA had its A3 rating affirmed by Moody's Investor Services (Moody's).
- Their generalised view of the strengths and challenges are shown below:

Credit strengths	Credit challenges
Strong & stable operating margins	Debt levels are high and forecast to increase
Simple Group Structure	Social Housing interest cover is expected to weaken
Supportive institutional framework	Debt management is open to risk

- While positive, Moody's have placed limited weight to the location and latent value of HHA's housing stock.

Purpose and Operations

- HHA is a Registered Social Landlord (RSL) that owns over 7,000 properties and employs c1,100 staff.
- Properties are largely located across Hertfordshire and Buckinghamshire, including high value areas Hemel Hempstead and St Albans.
- Originally Hightown Housing Society was registered in 1967 and has grown through mergers with other RSLs and an ambitious development programme.
- Alongside the social housing activities, HHA remains committed to providing care and support activities.
- At March 2021, HHA was supporting 791 people who are vulnerable through managing homelessness, working with young people and care services for the disabled or sick.
- HHA aims to provide high quality personalised support to help each service user to live a full and meaningful life with a strong focus on giving people as much independence as possible.

Key Management

Bob McNaughton Chair
David Skinner CFO
David Bogle Chief Executive
Susan Wallis Director of Operations

Hightown Housing Association cont.

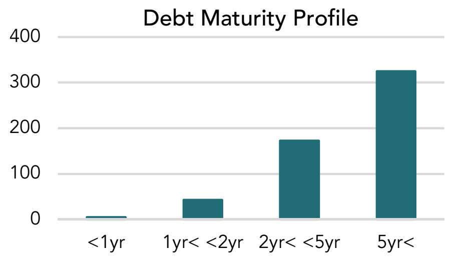
Growth & Development Ambitions

- HHA is one of the largest developers of social housing as a % of total units in the UK.
- In 2021, HHA completed 429 new homes (1,300 over the last three years), 310 were rented accommodation and 119 Shared Ownership.
- 429 homes delivered across 9 LA areas, with 61% in Buckinghamshire and St Albans.
- Ambition is to deliver another 1,470 homes over the next two years (936 are in development).
- Development programme is focused on delivering rented accommodation (c65%) with the balance being shared ownership properties. There has been no reliance on open market sales developments.

Loan Profile March 2020	
Within one year	£5.1m
In one year or more but less than two years	£43.1m
In two years or more and less than five years	£172.5m
In five years or more	£324.9m
Total	**£545.6m**
Fixed Rate	*47%*
Floating Rate	*53%*

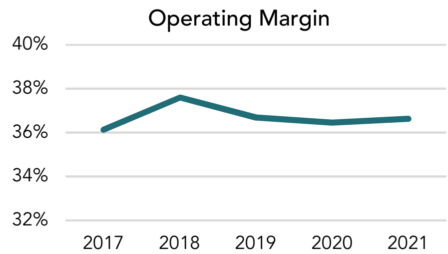
RCB Loans

£27.0m maturing in 2025, £31.5m maturing in 2027. There are £6.5m retained bonds unsold.



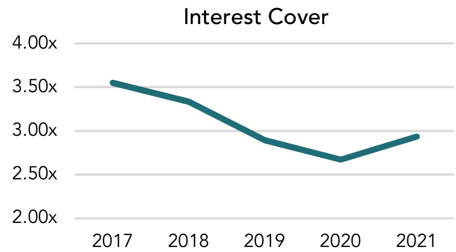
Debt Portfolio

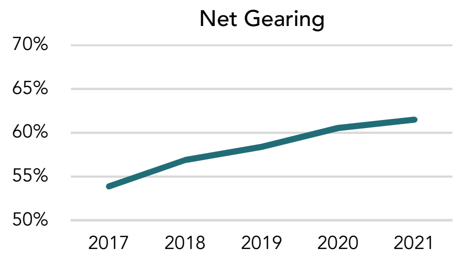
- At March 2021, HHA had borrowed £545.6m from a range of banks and capital market investors as well as the £58.5m from RCB.
- Majority of the debt portfolio is repayable after 5 years.
- Liquidity was provided by £130.0m (2020 £95.0m) of undrawn committed loan facilities and £20.9m of cash.
- HHA has borrowed unsecured funding from RCB, First Abu Dhabi Bank (£35m), and through a £100m private placement completed after the financial year end. At March 2021, HHA had unencumbered assets of £140.3m against £93.5m of unsecured loans.



Financial Performance

- HHA is relatively highly geared; not unexpected considering the scale of their development ambitions, nor their location (high value).
- Net Debt to Total Fixed Assets at Historic Cost continues to rise gradually and was 62% at March 2021. Gearing is always likely increase when Fixed Assets ignore revaluation uplift.
- In 2021, HHA achieved an EBITDA of £33.0m (2020 £31.2m) and EBITDA margin of 37%, strong results which include care operations.
- HHA's care activities are 30% of turnover and for the first time did not contribute to the overall surplus. HHA states this is because the Board awarded above inflation wage increases and bonuses to reward care staff.
- While shared ownership receipts remained stable at £17.7m (2020 £17.6m) profits fell £0.8m to £3.0m
- When shared ownership and care activities are excluded, the social housing EBITDA margins increase.
- Interest cover increased in 2021, the EBITDA interest cover was almost 3x cover.





Credit Considerations

- HHA has a number of core strengths – it operates in an area of high value and demand for social housing. The success of the development programme and operations have been overseen by a stable management team. While the development programme is ambitious, HHA have demonstrated experience in delivering successful outcomes and there is no reliance on open market sales risk.
- There are potential risks to manage, such as reliance on key executives and debt management (53% floating rate debt) and liquidity (£150m of available cash and debt vs. £131, of contracted commitments).

Social Impact

In 2021, HHA supported 790 people who are vulnerable through managing homelessness, working with young people and care services for the disabled or sick.

[Latest social impact report >]

Belong Limited

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover	£30.7m	£23.2m	£26.6m	£30.1m	£31.7m
Operating Surplus	£5.0m	£2.3m	£1.8m	£3.1m	£2.5m
Interest Payable	(£1.4m)	(£1.1m)	(£1.9m)	(£2.0m)	(£2.0m)
Net Income (Loss)	£15.1m	£1.3m	(£0.1m)	£0.8m	£0.4m
EBITDA	£7.1m	£4.0m	£3.9m	£5.3m	£4.6m
EBITDA %	*23%*	*17%*	*15%*	*18%*	*15%*
Interest Cover	*5.3x*	*3.5x*	*2.0x*	*2.8x*	*2.3x*
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£56.5m	£70.5m	£74.7m	£78.7m	£82.9m
Cash	£8.9m	£2.8m	£18.0m	£15.3m	£14.6m
Total Debt	£20.5m	£27.2m	£47.6m	£47.5m	£51.0m
Total Reserves	£26.6m	£28.3m	£27.9m	£31.0m	£30.2m
Net Gearing	*21%*	*35%*	*40%*	*41%*	*44%*
Net Debt to EBITDA	*1.6x*	*6.1x*	*7.5x*	*6.1x*	*7.9x*
Care homes	5	6	7	7	7
Beds	350	422	494	494	494
Apartments	128	141	169	169	169

Regulation

- Belong is a community benefit society (reg no. 27346R) and an exempt charity.
- Belong's care operations are monitored and regulated by the Care Quality Commission (CQC).
- The CQC's role is to regulate and inspect health and social care services in England, to ensure providers are delivering safe, effective high quality care.
- At May 2021, Belong has 14 services that fall under the CQC's remit, and these have all been inspected and rated "Good" or "Outstanding".

Purpose and Operations

- Belong established in 1991 with the purpose to provide accommodation, care and support for elderly people in need.
- Belong has been at the forefront of innovative care, developing their own "Belong Village" model to provide the best care for those with dementia, as well as for older people seeking independent living in their own apartments.
- Their model focuses on all nursing staff being trained to support people with dementia and moves away from the traditional institutional setting for care to a smaller, more homely living arrangement called "households".

14 CQC rated services	
Outstanding	4
Good	10
Yet to be inspected	-
Requires improvement	-
Inadequate	-

- The first "Belong" home was opened in Macclesfield in 2007, and now there are seven homes in the Group with 494 beds and 169 apartments (numbers assumed for 2021 based on no change to number of homes).

Growth & Development Ambitions

- Belong has ambitions to continue its development programme, with Chester and Birkdale committed homes under construction and Wirral planned to start construction in 2022.
- The development of Belong Chester has progressed well over the year and is expected to be completed towards the end of 2021, with an opening date of April 2022 anticipated.
- Belong Birkdale is expected to open in the last quarter of 2023. Contractual documents with the funder and contractor are in the process of being finalised for work to restart on site.
- During the year, the completion of the land purchase for Belong Wirral Waters was achieved. Pre-tender work is currently on-going with a view to starting work on site in 2022.

Key Management

Nicola Brooks Chair
Tracey Stakes Chief Executive
Chris Hughes CFO
Tracey Paine Deputy CEO

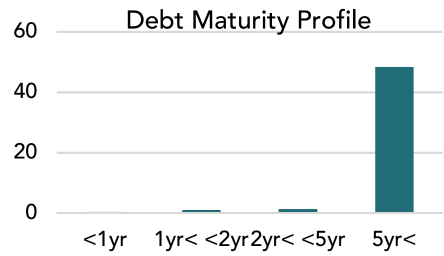
- Belong has announced that Martin Rix will replace Tracey Stakes as CEO on her retirement in early 2022.

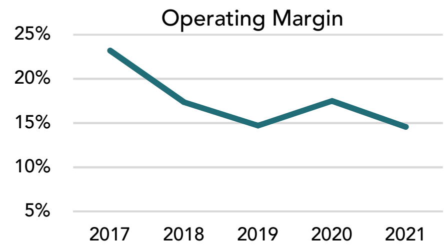
Belong Limited cont.

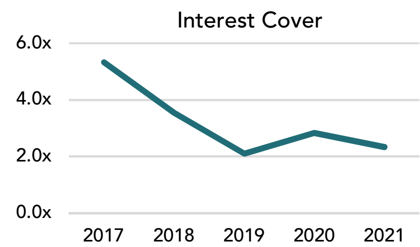
RCB Loans

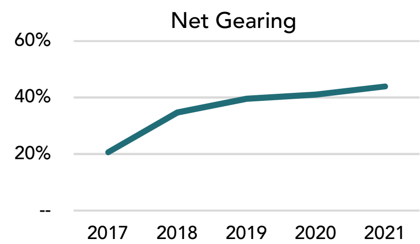
£37.0m maturing in 2026. There are £13.0m retained bonds unsold.

Loan Profile March 2020	
Within one year	£0.4m
In one year or more but less than two years	£0.1m
In two years or more and less than five years	£1.3m
In five years or more	£48.4m
Total	£51.0m
Fixed Rate	*73%*
Variable Rate	*27%*









Debt Portfolio

- The debt portfolio consists of £37.0m drawn from RCB plus a number of finance leases. The terms of these finance leases are not disclosed but payment is maybe linked to inflation over a medium term. At March 2021, the finance lease liability outstanding was £12.6m and the finance charge was £1.0m.

Financial Performance

- In a sector characterised by low operating margins, Belong has achieved EBITDA margins over 15%.
- Volatility in the operating performance and the rise in gearing is attributable to the expansion programme.
- Opening new homes has an impact on financial performance, as each Village is opened household by household, each with a mostly full complement of nursing staff and incurring all the fixed holding costs, while occupancy is built gradually.
- It takes a period of time for occupancy to increase and therefore generate operating profits. For example:
  - The Morris Feinmann and Newcastle-under-Lyme villages opened in June 2017 and April 2018, and at March 2021 occupancy across both was 82% - an improvement on 2020 (67%) but does highlight that Belong wears the fixed operating costs for a period of time (Occupancy across group September 2021 95%).
- Interest cover remains over 2x, although it weakened in the last 2 years reflecting the increased level of gearing.
- Net Gearing has risen but remains under 50% (when compared to historic cost of fixed assets).

Credit Considerations

- The Belong Homes model is a premium service that provides high quality care for its residents. With good CQC ratings, this should ensure that demand and income generation remains strong.
- Management has demonstrated success integrating new homes into the Group and achieving financial returns, and it is expected that once new homes are integrated these homes will also provide accretive returns to the Group.
- Balance sheet is robust, without including care homes at valuation and no refinancing risk in the next five years.
- Covid 19 has affected the care sector as a whole and saw Belong take unprecedented steps to protect residents.
- Belong has reported that Covid 19 resulted in a reduction in net income of £3.0m (after government assistance). The main causes being occupancy levels and reduced private payers.
  - Occupancy at March 2021 was 91% (rising to 95% in September 2021) compared to 98% at March 2020.
  - Self funded residents fell from 68% in 2020 to 63% in 2021.
- In the latest trading statement for the six months to September 2021, Belong has reported an EBITDAR of £3.2m, a £1.0m increase on the 2021 results for the same period.
- The development risk around the completion of the Birkdale home seems to have eased with work to start on site soon.
- Belong has a sizable defined pension deficit (over £8.0m at March 2021). The schemes are closed to new entrants and management are likely monitoring membership numbers to ensure the pension liability does not crystallise.

Social Impact

During Covid 19, Belong was able to increase its social impact in the community, in one example stepping in for district nurses when they could not visit apartment residents.

[Latest social impact report >]

Greensleeves Homes Trust

greensleeves care
You're among friends

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover	£23.2m	£32.2m	£38.2m	£43.9m	£45.2m
Operating Surplus (existing)	£1.4m	£2.5m	£2.6m	£1.9m	£1.8m
New homes (first year)	(£0.2m)	(£0.2m)	(£0.8m)	(£1.1m)	(£1.0m)
Interest and lease payments	(£0.9m)	(£1.9m)	(£2.1m)	(£3.6m)	(£4.5m)
Net income (loss)	£0.5m	£0.7m	(£0.2m)	£6.9m	(£3.3m)
EBITDAR	*£2.5m*	*£4.0m*	*£3.8m*	*£3.2m*	*£3.7m*
EBITDAR %	*9%*	*12%*	*10%*	*7%*	*8%*
EBITDAR % (exist.)	*12%*	*13%*	*12%*	*10%*	*10%*
Interest Cover	*2.7x*	*2.1x*	*1.9x*	*0.9x*	*0.8x*
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£43.3m	£54.8m	£64.8m	£79.6m	£88.7m
Cash	£22.3m	£10.9m	£6.8m	£13.6m	£14.3m
Total Debt	£33.0m	£33.0m	£36.0m	£50.0m	£65.0m
Total Reserves	£32.9m	£33.6m	£33.4m	£40.3m	£37.0m
Net Gearing	*25%*	*40%*	*45%*	*46%*	*57%*
Net Debt to EBITDAR	*4.3x*	*5.6x*	*7.6x*	*11.5x*	*13.8x*
Care homes	20	22	24	25	25
Beds	790	872	971	1,037	1,081

The financial information set out above includes information taken from the Strategic report in the financial statements (p12).

Regulation

- Greensleeves Homes Trust (GHT) is a company limited by guarantee, incorporated under the Companies Act 1985 (company no. 3260168) and is a registered charity (no. 10604478).
- GHT's care operations are monitored and regulated by the Care Quality Commission (CQC).
- The CQC's role is set out on p.14.
- At May 2021, GHT has 24 services that fall under the CQC's remit, and 22 of these have been inspected.

Purpose and Operations

- GHT, established in 1996, provides care for elderly people in residential, dementia and nursing homes across England.
- The Charity was set up to acquire the care homes operated by the Women's Royal Voluntary Service.
- GHT has adopted Eden Alternative approach to care. The focus is, among other things, to target loneliness, helplessness and boredom in residents to improve their living standards.
- Since 2017, GHT has opened five new homes and now has 24 located in the Midlands and Southern England with almost 1,100 beds.

22 CQC rated services	
Outstanding	2
Good	19
Yet to be inspected	2
Requires improvement	1
Inadequate	-

Growth & Development Ambitions

- GHT has an ambitious growth plan to continue its expansion through:
  - acquisition of existing homes
  - new build – leasehold or freehold
  - development at existing homes
- During FY2021 GHT completed two new homes – Henley House and Clarendon Lodge (which replaced existing, smaller homes in each area). The next new home will be Crowthorne delivered in early 2022.
- There are a further two new homes in development, to take the total number of homes to 26 (since March 2021 one home ceased trading).
- As well as the acquisition of new homes, extension works are being undertaken across three existing homes.

Key Management

Chris Shaw Chair
Paul Newman Chief Executive
Chris Doherty CFO

greensleeves care
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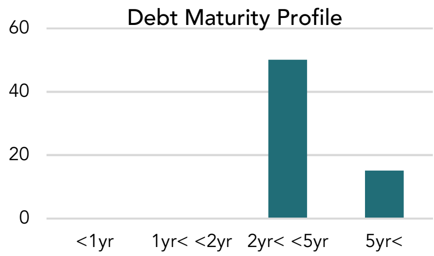
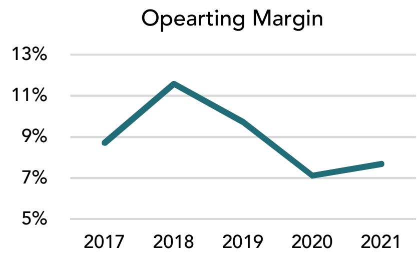
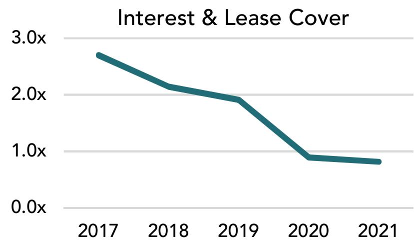
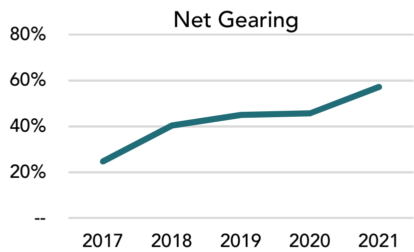
Loan Profile March 2020	
Within one year	-
In one year or more but less than two years	-
In two years or more and less than five years	£50.0m
In five years or more	£15.0m
Total	£65.0m
Fixed Rate	*100%*
Floating Rate	-









RCB Loans

£50.0m maturing in 2026, £25.0m maturing in 2030.

Debt Portfolio

- The debt portfolio now consists of £75.0m drawn from RCB (£65m at the year end) and there are several operating leases which have future lease payments of £64.2m. The exact terms of these operating leases are not disclosed but the payments are linked to inflation over medium term.
- In accordance with current accounting standards, these operating leases, and the corresponding care homes assets, are not shown in the balance sheet.

Financial Performance

- Operating margins improved in 2021, which is positive considering the impact of Covid 19 (discussed below). The fall in profitability since 2017 is largely due to the development programme and the integration of five new homes (250 beds) in this period.
- Opening new homes has an impact on financial performance. New homes open with a mostly full complement of nursing staff and incur all the fixed holding costs, while occupancy gradually builds.
- Once the integration of these new homes is complete, it is expected they will generate a positive EBITDAR.
- Interest cover (funding costs and operating lease payments) fell below 1x cover in 2020, and this has continued in 2021. Again, it is expected as new homes generate positive cash flows, this will flow onto servicing funding and leasing costs.

Credit Considerations

- GHT, through its high quality care, attract private fee payers (c.75%) which has helped increase revenues and improve financial performance.
- Development programme seeks to increase capacity, but in an efficient manner that maximises the returns from investment. This is highlighted by the development schemes that increase capacity in existing homes.
- Management have historically shown an ability to develop and integrate new homes, minimising the cash flow risk of new homes.
- The level of refinancing risk has increased with the £50m RCB to be refinanced within 5-years.
- Covid 19 has impacted various aspects of GHT's business, in particular, financial performance in 2021. While cleaning, staffing costs and PPE costs have increased, GHT advised that these costs have been largely offset by government grants or reduction in non-essential expenditure.
- Occupancy was down to 77% at January 2021 before reaching 86% in June 2021 (down from 92.6% at March 20) and GHT have estimated this cost over £4.0m in revenue in 2021.
- Despite this, EBITDAR increased from £3.2m in 2020 to £3.7m in 2021, where improving occupancy of new care homes and £2.7m received from the UK Government offset the loss of revenue.
- With the growing use of operating leases, GHT has to carefully monitor the correlation of resident fees and inflation.
- There is a medium term risk that if resident fees do not rise in line with inflation, then the operating leases could become a burden on free cash flows.
- After the impact of Covid 19, GHT needs to improve occupancy levels and focus on the integration of new homes

Social Impact

GHT provides a service for the community where demand will continue to rise in the future.

[Latest social impact report >]

The Alnwick Garden Trust

Summary financial history, key balance sheet metrics and operational performance

Income & Expenditure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Turnover*	£4.6m	£4.9m	£5.0m	£3.9m	£3.0m
Operating Surplus*	£0.7m	£0.7m	£0.8m	£0.7m	£0.2m
Interest Payable	(£0.2m)	(£0.2m)	(£0.2m)	(£0.1m)	(£0.1m)
Net Income (Loss)	(£1.0m)	(£1.1m)	(£1.1m)	£1.0m	(£0.7m)
*EBITDA**	*£0.6m*	*£0.5m*	*£0.6m*	*£0.4m*	*£0.0m*
EBITDA %†	*13%*	*10%*	*12%*	*11%*	*1%*
Interest Cover	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Balance Sheet	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Fixed Assets at Cost	£18.4m	£17.2m	£16.1m	£15.1m	£16.0m
Cash	£1.2m	£1.3m	£1.2m	£10.8m	£10.5m
Total Debt	£3.3m	£3.5m	£3.7m	£11.6m	£11.8m
Total Reserves	£15.9m	£14.8m	£13.7m	£14.7m	£14.0m
Net Gearing	*11%*	*13%*	*16%*	*5%*	8%
Net Debt to EBITDA	*3.5x*	*4.5x*	*4.2x*	*1.8x*	36.8x

* *Analysis also includes information provided on page 9 of the financial statements*
† *Interest costs have been assumed to be excluded from financial costs set out on Page 9 of the financial statements*

Regulation

- The Alnwick Garden Trust (AGT) is a company limited by guarantee, incorporated under the Companies Act 1985 (reg no. 04584694) and is registered with the Charity Commission (charity no. 1095435).
- The mission of the charity is to inspire, connect and enrich people's lives, and as such it undertakes the following activities:
  - Drugs education
  - Employability & enterprise
  - Supporting young people with additional needs
  - Outreach gardening
  - Initiatives for over 55's aiming to address isolation

Background & History

- AGT manages the Alnwick Garden, which is situated inside the Northumberland Estates.
- The garden was opened to the public in 2002 after significant investment overseen by the Duchess of Northumberland, and was registered as a charity on 16 January 2003.
- AGT manages and maintains the garden as a social and educational space for those in need by reason of youth, age, ill health, disability and financial or other disadvantage through community programmes.
- The charity has leased the garden on a "peppercorn rent" from the Northumberland Estates until 2047.
- AGT generates commercial income through ticket sales, donations, rental income and retail sales.
- AGT has ambitions to expand its operations and become a major attraction in the North East:
  - improving commercial activities in the traditionally slower months, such as Autumn to Christmas periods
  - building "Lilidorei", a 2.5 acre children's attraction whose main element will be a 19m high aerial structure. The total cost is over £15.0m and will be funded by the RCB loan and £5.0m grant funding from Borderlands Growth Fund.

Key Management

Jonathan Blackie Chair
Mark Brassell Chief Executive
The Duchess of Northumberland Trustee

RCB Loans

£10.0m maturing in 2030. There are £8.0m retained bonds unsold.

Debt Portfolio

- At March 2020, AGT had borrowed £11.8m from the Northumberland Estates, UK Government and from RCB.
- With cash deposits of £10.5m, net debt was £1.3m at March 2021.
- The facility provided by the Northumberland Estates is for an £8.0m interest free loan which is repayable in 2047 and subordinated to the other indebtedness of AGT (2021: drawn £1.7m).

Financial Performance

- Before Covid 19 AGT had demonstrated stable financial performance, on average generating an EBITDA (before impact activity and capitalised spending) of c.£0.5m per annum.
- Interest costs have historically been quite low; however, this will increase with the RCB facility. While funding costs are likely to be largely capitalised in the construction of the "Lilidorei" project, it is expected that trading activities (before Covid 19) would have serviced the RCB facility.
- Alternatively, AGT can draw on cash reserves or undrawn facilities.
- At March 2021, net gearing (to fixed assets) was relatively low, due to the cash deposits – at 8% (2020 5%)
- With the severe impact on operating performance in 2021, the Net debt to EBITDA has moved significantly to 36.8x (2020 1.3x).
- These levels will increase as the Lilidorei project is constructed.

Credit Considerations

- Covid 19 has had a material impact on the garden's operations in 2021, with it being closed for all but five months of the financial year. Even when open it had to trade at reduced levels due to the Government's social distancing rules.
- AGT appears to have managed the Covid 19 interruption during 2021 as well as possible:
  - Costs have been reduced and AGT has successfully used Government support – grants, furlough etc. to preserve cash
  - Maintenance of the garden has continued without interruption
  - Increasing visitor numbers outside core trading periods. AGT welcomed over 30,000 visitors to its Christmas event (strongest ever). The strong December performance resulted in a positive cash flow for the 9 months.
- Since the year end, AGT has had a positive first quarter with over 82,000 visitors (which is similar to pre-Covid levels) and charitable activities have restarted. AGT also advises that free reserves are at a similar level to pre-Covid.
  - Financial performance to September 2021 profits from Visitor has increased c£1.1m compared to the 2021 full year.
- The Lilidorei development remains on track to be completed by Easter 2023, with the contractor on site.
- This development remains a key risk for AGT moving forward, if the development does not generate the expected revenues, then AGT's existing operations will be under pressure to meet cash flow requirements of the RCB facility.
- AGT benefits significantly from the Northumberland Estates, whether this is via explicit support such as the £8.0m facility or implicitly due to the location of the garden inside the Northumberland Estates, near the Castle.
- The value of the asset is likely to exceed the Net Book Value of £15.6m in the 2021 financial statements.

Social Impact

Alnwick seeks to enrich the lives of its local community with a range of social impact activities, catering to all ages. In terms of extending its social impact during Covid 19, the Charity was able to deliver over 150 Christmas hampers to vulnerable and isolated older people in the local community.

Latest social impact report >

Appendix 1: Definitions

Turnover	Turnover excludes investment income, interest receivable and fixed asset sales
Operating Surplus	Operating Surplus is calculated by excluding interest payable, gains/losses on investment and fixed asset sales, while including depreciation, amortisation
EBITDA	EBITDA is calculated by excluding depreciation and amortisation from the Operating Surplus
Total Fixed Assets	Total fixed assets less cash investments
Gearing	Total Outstanding Debt / Total Assets (Unrestricted and Restricted funds)
Operating Margin % (EBITDA %)	EBITDA / Total Turnover
Interest cover	EBITDA / Net Interest Payable (Interest payable less interest receivable)
Net Gearing	Net Debt (Total Outstanding Debt less cash & investments) / Total Fixed Assets
Net Debt to EBITDA	Net Debt (Total Outstanding Debt less cash & investments) / EBITDA
EBITDAR	EBITDA before lease payments
EBITDAR % (exist.)	EBITDAR (only existing homes) / Turnover (only existing homes)
Interest & Lease cover	EBITDAR / Net Interest Payable (Interest payable less interest receivable) and Lease payments

Appendix 2: Web links

Charities Aid Foundation

Charity website: https://www.cafonline.org
CAF Bank: https://www.cafonline.org/caf-bank

Dolphin Square Charitable Foundation

Charity website: https://www.dolphinliving.com

Golden Lane Housing

Charity website: https://www.glh.org.uk
Regulatory Judgement: https://www.gov.uk/government/publications/regulatory-judgement-golden-lane-housing-limited
RSH Role: https://www.gov.uk/government/organisations/regulator-of-social-housing/about

Hightown Housing Association

Charity website: https://www.hightownha.org.uk
Finance & Investors page: https://www.hightownha.org.uk/corporate-and-development/finance-investors
Regulatory Judgement: https://www.gov.uk/government/publications/regulatory-judgement-hightown-housing-association-limited
RSH September 21 Survey: https://www.gov.uk/government/publications/quarterly-survey-for-q2-july-to-september-2021-to-2022
Completions 2021: https://www.hightownha.org.uk/news/corporate-press-releases/hightown-delivers-429-homes-amid-the-pandemic
RSH Role: https://www.gov.uk/government/organisations/regulator-of-social-housing/about

Belong Limited

Charity website: https://www.belong.org.uk
CQC link: https://www.cqc.org.uk/provider/1-101641683
Investor update: https://rcb-bonds.com/wp-content/uploads/2021/05/Belong_trading_statement_11221.pdf
Chester Contractor: https://www.constructionnews.co.uk/buildings/seddon-takes-over-21m-ex-pochin-care-home-05-06-2020
Birkdale Contractor: https://www.warringtonguardian.co.uk/news/18610392.contractor-cruden-construction-goes-administration

Greensleeves Care Trust

Charity website: https://www.greensleeves.org.uk
CQC link: https://www.cqc.org.uk/provider/1-102642938
Investor update: https://rcb-bonds.com/wp-content/uploads/2021/07/Greensleeves-Care-trading-statement-0721.pdf

Alnwick Gardens

Charity website: https://www.alnwickgarden.com
Trading statements: https://www.investegate.co.uk/Index.aspx?searchtype=2&words=retail+charity+bonds

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