



ST JOHN'S SCHOOL BOND 2017

**Offer for public subscription of up to £3,000,000 3.25%
and 0% limited recourse bonds due 2022**

**Issued by
Allia Social Impact Investments Limited**

**Secured on a loan to
The Saint John's School Foundation**

18 May 2017



Important Notice

This Offer Document sets out the key points you need to know to invest in the St John's School Bond 2017. Please make sure you read through the information carefully so you understand the offer and can decide whether investing in the Bonds is right for you. Investors should not subscribe for any Bonds except on the basis of information set out in this document.

Capitalised words in this document have a particular meaning which is set out in the Glossary. References to "**you**" mean any prospective investor in the Bonds and to the "**Issuer**" mean Allia Social Impact Investments Limited, which is the issuer of the Bonds.

If you are not sure whether an investment in the Bonds is suitable for you, or you have any questions about the tax or inheritance consequences of investing, then you must consult your financial advisor. The Issuer cannot give you any advice and nothing in this document should be construed as advice or as a recommendation to invest.

The information in this document is dated 18 May 2017, and unless otherwise stated has not been updated since such date.

The Issuer accepts responsibility for the information contained in this Offer Document. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offer Document is in accordance with the facts and does not omit anything likely to affect the significance of such information. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The School accepts responsibility for the information in this Offer Document contained in the sections '*St John's School*' and '*Risks relating to St John's School*'. To the best of the knowledge of the School (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the significance of such information. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the School is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Please note, these Bonds are for UK tax residents only. The Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, the Bonds in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States or Canada. The Bonds have not been and will not be registered under the applicable securities laws of the United States or Canada and may not be offered or sold within the United States or Canada or to any national, resident or citizen of the United States or Canada. The distribution of this Offer Document in other jurisdictions may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

A word from the Head



Thank you for your interest in the St John's School Bond. We are delighted to be supported by Allia, a charity and pioneer in social investment, and to be the first Independent School to launch a bond with them.

St John's has a proud history of continual investment in the development of our facilities for the benefit of our pupils and the community around us. Our latest project is the development of a new indoor sports complex, including a swimming pool and a dance studio.

Participation in sport is a cornerstone of a St John's education; it helps our pupils learn about team work, camaraderie, self-discipline and leadership while promoting their self-esteem and mental and physical wellbeing. As the School has grown in size, we have expanded the number of sports we offer and we have invested in expert coaches. So the time is right to move forward with modern facilities designed to inspire and develop the talents of our pupils.

As well as providing for our own pupils, St John's is committed to sharing the new facilities with the wider community. A national census of primary schools in 2014 revealed that 45% of children aged 7-11 cannot swim 25m unaided.¹ We know that there is a need for greater access to swimming pool facilities for primary schools in the Leatherhead area. With better facilities, we will be able to expand our outreach programme by working in partnership with more local primary schools. The new facilities will include better disabled provision which will be of particular benefit to those children with special needs who attend the Community Holiday held at the School every summer. We will be able to fulfil the needs of a greater number of sports clubs and swim schools in the area.

Many of you have already expressed your support for this exciting project and we are extremely grateful to those who have offered advice. The School is committing its own reserves, and to complete the finance requirement the Governors have agreed that we should raise further borrowing. I am delighted that the St John's School Bond creates the opportunity for us to raise that money from our friends and supporters. By investing in a bond you will enable us to decrease the amount of bank debt we need to take on, and thereby also decrease the value of the School's assets that we need to give as security for that debt.

Based on the feedback from a recent survey of parents and alumni, we have agreed with Allia to set the interest rate on the bonds at 3.25%, which is comparable to our cost of borrowing from the bank. We invite you however to consider taking the option for a lower return on your investment, or even to invest at zero interest. Any saving that the School is able to make on our cost of borrowing will allow us to create more benefit for our pupils and the community, including our ability to offer more means tested bursaries and parental hardship awards.

Thank you again for your support for St John's.

Martin Collier

Head

¹ The ASA School Swimming Census 2014

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Introduction

The Bonds will be issued by Allia Impact Investments (the “**Issuer**”), and the funds raised will be loaned to The Saint John’s School Foundation (“**St John’s**” or the “**School**”) by way of a loan (the “**Loan**”) on the Issue Date under the terms of the Facility Agreement between the Issuer and the School.

St John’s will pay interest on the Loan and repay the Loan on maturity, which will fund the payments of interest to Bondholders and the repayment of their investment at the end of the term. The Bonds are limited in recourse to the Loan, meaning that Bondholders are relying exclusively on St John’s for payments of interest and principal.

Bondholders may choose a return of up to 3.25% on their investment, paid annually on each anniversary of the Issue Date. If you decide to receive a lower rate of return, the School intends to apply the value of all interest foregone by Bondholders towards supporting means tested bursaries and parental hardship awards.

The Bonds are a fixed-term investment, and early redemption will only be possible at the option of the Issuer. Please note that the Bonds are not covered by the Financial Services Compensation Scheme.



Summary of key terms

Issuer	Allia Social Impact Investments Limited
Borrower	The Saint John's School Foundation, a registered charity with charity number 312064
Interest rate	The interest bearing bonds will pay 3.25% gross per year, fixed and payable annually in arrear on each anniversary of the Issue Date up to and including the Repayment Date. The zero interest bonds do not pay interest. Investors can choose to divide their investment in any combination of the two series to give the aggregate return they want.
Term	The Bonds are repayable in full on the fifth anniversary of the Issue Date.
Minimum investment	£1,000. You may subscribe for any amount greater than this in multiples of £100.
Security	The Bonds are secured on a Loan to St John's, but the Loan itself is not secured against any asset of the School or otherwise. The Facility Agreement between the Issuer and the School contains certain financial covenants, including a covenant that, as at the last day of each of its financial years, the value of the School's uncharged assets must remain no less than 130% of its total unsecured borrowing.
Transfer	The Bonds are transferable but will not be listed on a recognised stock exchange.
Subscription Closing Date	30 June 2017, unless the offer is fully subscribed earlier or extended by notice in writing by the Issuer to each Applicant.



About the Issuer

Allia Impact Investments is part of the Allia charitable group. Allia Ltd was established in 1999 to raise finance from communities through bond issues in support of initiatives creating positive social impact. As Allia's scope of activity grew, Allia Impact Investments was created as a special purpose vehicle within the group to be the issuer of bonds and provide loans to other charitable organisations.

The Issuer will process the applications, issue the Bonds, maintain the details of Bondholders, collect payments owed by the School on the Loan and make payments owed to Bondholders.

Allia Impact Investments is a trading name of Allia Social Impact Investments Limited, a community benefit society, registered under the Co-operative and Community Benefit Societies Act 2014 (No. 32151R). As such, the Issuer is permitted to offer and issue certain bonds to the public in the United Kingdom based on the exemption under the Financial Services and Markets Act (section 85(5) and Schedule 11A).



St John's School

The Saint John's School Foundation (the "School") is an independent school for boys and girls aged 11 to 18. It was incorporated in 1922 as a charitable foundation by Royal Charter and is a registered charity in England and Wales (number 312064). The charitable objects of the School are the advancement of the education of boys and girls by the provision of a day and boarding school.

The registered office of the School is St John's School, Epsom Road, Leatherhead, Surrey, KT22 8SP.

The School is regulated by the Charity Commission and is also subject to regulation by the Department for Education. The School is operated on a not-for-profit basis so all funds available are invested back into the furtherance of its charitable objects.

Historical background

St John's School was established in 1851 by Ashby Haslewood, the vicar of St Mark's, Hamilton Terrace in St John's Wood, London. It was founded originally to support the education of the sons of clergy as well as provide a choir for the vicar's

large church. The School relocated in 1872 to its present site in Leatherhead, Surrey.

In 1989 the first girls were admitted to the School, and the School became fully co-educational with girls in each year group in September 2012. In September 2016 the School opened a Lower School for 11+ entry and admitted Year 7 pupils.

Statement of intent

The following statement of intent underpins the School's strategic direction:

"St John's School aims to promote academic excellence and provide a caring pastoral environment. Co-curricular opportunity as part of an all-round education for all pupils is central to the School's philosophy. We wish to instil in our pupils a sense of leadership, service and responsibility.

The School is mindful of its history, notably our Christian heritage, and is fully committed to widening access to those from across the community. Predominately a day school, we offer a flexible boarding model that is distinct."



Strategy and objectives

The School is intent on ensuring that it maintains and enhances its position in the local and national independent school market by focusing on:

- recruitment and retention of high calibre teachers, an embedded culture of professional development and extension beyond the syllabus;
- providing every pupil with a first class all-round education. Cultural appreciation, adventure training, an understanding of heritage, community service, performance arts and sport are all important elements of the School's education provision;
- providing its pupils with the very best learning environment. The School will continue to update and develop the Estates Masterplan and will maintain a programme of investment in its built estate and facilities via a detailed 10-year capital programme;
- remaining competitive in the marketplace whilst maintaining a reputation for providing a first class all-round education. The School aims to keep year-on-year fee rises below average for independent schools as part of a strategy of ensuring affordability in the longer term; and
- maintaining a committed, suitably experienced and effective Governing Council to ensure the School operates in accordance with its charitable aims and is compliant with its governing document and legal obligations. The Council will monitor a skills matrix and professional development program for governors. Membership of the Council and its sub-committees will be reviewed at least annually to ensure the optimal combination of professional experience and knowledge within the governing body.

Pupils

Pupil numbers currently total 712. The increase from 652 in 2015/16 is largely because of the Lower School for Years 7 and 8, which attracted 55 new Year 7 pupils to the School. Projected pupil numbers are forecast to increase to around 765 from 2017/18 when the current Year 7 pupils move up to Year 8 and a new Year 7 cohort enters the School.

PUPIL NUMBERS

	13/14	14/15	15/16	16/17
Year 7	-	-	-	55
Year 8	-	-	-	-
Year 9	139	137	122	138
Year 10	130	142	141	123
Year 11	117	129	140	140
Year 12	133	119	134	127
Year 13	124	131	115	129
Total	643	658	652	712

Academic results

At GCSE level in 2016, 99% of pupils achieved a grade C or better in English and maths (England average 59%, local authority average 70%; source: National Statistics). Just under 30% of all grades were awarded at A* and 65% were awarded at A* or A. In the core subjects of English language, mathematics, biology, chemistry and physics 37% of the grades awarded were at A*. A quarter of the year group achieved five A* grades or better and 18 pupils were awarded eight or more A* grades.

The Telegraph independent school league table, created using data supplied by the Independent Schools Council, placed St John's School at 129 out of 329 schools for 2016 GCSE results.

At A level the pass rate (grades A* to E) for the 2016 cohort was 100%. Over 50% of all A level examinations taken were awarded at A* or A and 81% were awarded at A*- B (results for all exams in England 26.4% and 53.4% respectively; source: National Statistics).

The Telegraph independent school league table placed St John's School at 118 out of 291 schools for 2016 A level results.

Further details of the School's 2016 examinations results are available on the School's website at <http://www.stjohnsleatherhead.co.uk/academic-examinations.aspx>

Inspection findings

As a member of the Independent Schools Council, the School is inspected on a regular basis by the Independent Schools Inspectorate ("ISI"), an independent, government-approved body which provides objective inspections to safeguard the

quality and effectiveness of the education, care and welfare of children in schools. ISI reports do not provide a single overarching judgement for a school but instead give a judgement on each aspect of a school's work. These headline statements must include one of the ISI descriptors: 'excellent'; 'good'; 'sound'; or 'unsatisfactory'.

The most recent ISI inspection was conducted in January 2014. Out of the 9 aspects of the School's work assessed in the inspection, 7 were described as 'excellent' and the remaining 2 as 'good'.

The full ISI report of the 2014 inspection is available on the School's website at <http://www.stjohnsleatherhead.co.uk/userfiles/files/ISlreport2014.pdf>

Facilities

St John's has a history of continual investment into its infrastructure and recent enhancements include:

- In 2016 the ground floor of East House, in one of the School's original Victorian buildings, was completely refurbished to create the new Lower School. With its own entrance and reception, and inner connections to the main school, the St John's Lower School offers younger pupils the chance to feel fully involved in school life, whilst providing them with the comfort of their own community within the School.
- The first phase of the refurbishment of the Hamilton building was completed in 2016 with the next phase scheduled to take place in the summer of 2017. New glazed openings have been formed between the corridors and the classrooms to create more light. Teaching walls with 65" LED touchscreens have been installed.

Bespoke wall art in the corridors features a series of images from around the School.

- A new Science Centre opened in November 2015 providing eight new state-of-the-art biology and chemistry laboratories. The building's innovative design engages and stimulates pupils, motivating them to explore the sciences through experimentation, study, research and discussion.
- In 2015, donations from former pupils and friends of the School helped to finance a new Hickson organ installation in the Chapel. The organ stands testament to the centrality of the Chapel and musical life at St John's.
- In the spring of 2014, the School's Old Chapel refurbishment was completed and it opened as a multi-purpose venue for use by the School and the local community.
- In September 2013, Gloucester House opened as a new girls' day and weekly boarding house, and was opened by the School's patron, HRH The Duchess of Gloucester.

New indoor sports facilities

The next major investment in the St John's estate is to build new indoor sports facilities. The vision is to provide an environment with a broad range of superb sport facilities that allows every pupil to realise their potential promoting self-esteem, mental and physical well-being and that will enhance the School's long and cherished reputation for serving the community.

Phase One will include the construction of a competition standard 25-metre indoor heated swimming pool with 6 lanes, a purpose-built state-of-the-art dance studio and a teaching classroom.

Computer generated images



These facilities will include:

- energy efficient, sustainable heating, making it easier to control the temperature of the pool and providing improved shower facilities with constant hot water;
- a gallery to cater for greater parent and spectator viewing;
- new changing rooms; and
- a fully equipped dance studio with sprung floor.

Phase Two will then include the complete redesign and refurbishment of the adjoining sports hall and the addition of a gym suite.

Planning permission for Phase I was granted on 5 April 2017. Subject to completion of financing, construction is expected to start over the summer 2017 and be completed by December 2018.

The total estimated cost for the whole project is £14.1 million; Phase One has a budget of £7.5 million. The School expects to fund the project through a number of different methods: from accumulated reserves, annual income, philanthropic donations, bank lending and the proceeds of the Bond.

Social impact

Sharing facilities

Sharing facilities with the wider community is a well-established tradition of the School. Equipping St John's with new, modern sports facilities that it can share locally will further cement this tradition of partnership.

A census of primary schools in the UK in 2014 revealed that 45% of children aged 7-11 cannot swim 25m unaided.¹ The School has identified a need for greater access to swimming facilities for primary schools in the Leatherhead area. With better swimming facilities and the new dance studio, St John's will be able to expand its outreach programme by working in partnership with more local primary schools. The new facilities will include better disabled provision which will be of particular benefit to those children with special needs who attend the annual Community Holiday and will allow access to more children who would not otherwise have that opportunity. The School will be able to fulfil the training needs of a greater

number of sports clubs and swim schools which are popular with large numbers of local children.

Educational activities in the community

Helping others is part of life at St John's and the School has continued to arrange senior pupil volunteer placements including acting as classroom assistants at local primary and special needs schools, helping at youth clubs and helping and befriending the elderly in homes and hospitals. Activities range from helping to improve IT skills and guiding educational games to refereeing football games and gardening for local residents.

Every day pupils visit Leatherhead Start, a local hostel for the homeless, delivering meals. At Christmas and again in the summer the School welcomed the community into St John's by hosting meals for local elderly and disabled groups while pupils provided musical entertainment, engaged in conversation and accompanied tours of the School.

St John's was the winner of the 2015 Independent Schools Awards for Community Initiative of the Year for the School Community Holiday. This is a week-long residential holiday for 20 local children with a range of special needs, aged between 10 and 18. Sixth Form pupils at St John's volunteer 24 hours a day during the week to provide each child with one-to-one care and attention, involving games, stories and activities. The first holiday took place in 2014, and has been repeated annually since then.

The School's facilities are regularly made available to local schools and community groups at reduced hire rates or free of charge, including the local Mencap group, numerous art and sports clubs and swim schools.

Several School staff currently serve as governors at other local schools, providing opportunities to share knowledge and experience.

Bursaries and widening access

Funding for the provision of education for those who would not otherwise be able to afford the opportunity has been at the heart of the School's purpose since its foundation in 1851. Though this assistance was initially provided only for the sons of poor clergy, over time this purpose

¹ ASA School Swimming Census 2014

has broadened to include children of both genders. These children of clergy, referred to as Foundationers, benefit from financial assistance in order that their families may afford the education that the School provides. In the year to 31 July 2016 £365,936 was provided to 18 Foundationers.

In addition to the provision of assistance for children of the clergy, the School sets aside a proportion of its income and raises money from donors to fund other means-tested bursaries.

The Governors have an approved strategy to extend the provision of bursaries year on year in order to widen access for a broader range of pupils within the context of the School's general entry requirements. This is being achieved by the decision during 2015 to increase the proportion of gross fees available for bursaries, by assessing beneficiaries annually and by reducing the value and

extent of scholarships and other non-means-tested reductions in fees.

During the academic year 2015/16 the number of non-clergy pupils benefiting from bursarial support was 63, with the value of funds provided being £884,785. This includes twenty-one pupils provided with fee support of 80% or more of the tuition fees. The total value of bursarial assistance provided to families in need towards fees, examination fees, educational trip costs and similar expenses was £1,250,721 representing 8.2% of gross fees.

Where Bondholders choose to invest some or all of their investment in the 0% Bonds, the School intends to apply the value of all interest foregone by Bondholders towards providing additional support for means tested bursaries and parental hardship awards.



Structure and governance

Organisational structure

The School is governed by the Second Supplemental Charter and By-laws which came into effect from 31 December 2014 and which consolidated, with amendments and additions, the Original Charter of 1922 and Supplemental Charter of 1982. The School's charitable objects are the advancement of the education of boys and girls by the provision of a day and boarding school or schools in or near Leatherhead in the County of Surrey or at such other place or places within the United Kingdom as the Council may direct and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

The governing body of the School is the Council of Governors, which meets at least three times in each calendar year. The Council has delegated the work of planning, implementing and reviewing the School's operations, policies and aims to four key committees: the Education Committee, Estates Committee, Finance Committee and Risk Management and Compliance Committee. The Committees meet termly with members of the senior leadership team.

A separate company, St John's (Leatherhead) Enterprises Ltd, deals with trading business related to the non-core activities of the School. Profits generated by the company are donated to the School.

Governors

The Governors of the School are:

- John D Willis BA, Chairman, Investment Manager
- Peter H Thorne (OJ) BA, Vice Chairman, retired Solicitor
- Anthony M Airey (OJ) LLB, Barrister
- Tim Beckh MA, Managing Partner at Grosvenor Clive and Stokes
- Mrs Clare Davies BSc (Hons), former Head of Enterprise Risk Management at GE Capital International
- Mrs Sarah Dickinson MSc, Property Lawyer
- Alexander Duma (OJ) LLB FCA, Barrister and Chartered Accountant
- John R Gravett (OJ), Head of Telecoms at Cluttons
- Mrs Judy Harris BA, retired Executive Administrator
- Mrs Lesley Hume FBCS, Executive Director at the Cabinet Office
- Mrs Ruth Marshall BA (Hons) GDL PgDL, Solicitor and Associate Vice President at Royal Caribbean International
- Andrew J L Peake (OJ) FCA, retired Chartered Accountant
- Mrs Sandra Phillips BSc (Hons), Solicitor
- Ed Sanderson (OJ) MA, Client Service Director at Carat Global Management
- Bruce T Shaw BSc MRICS, Chartered Surveyor and Partner at Patrick Gardner & Co
- Nick Teunon MA ACA, Chief Financial Officer at Non-Standard Finance plc
- Simon H L Williams MA, Headmaster at Churcher's College

"OJ" indicates Old Johnian, a former pupil of the School.

Management

The day-to-day running of the School is delegated to the senior leadership team. The School maintains a suite of financial, operational and safeguarding policies and procedures which are reviewed at least annually. The comprehensive risk management process is operated throughout the School and a risk register is monitored by the senior leadership team and Governors on a termly basis.

The senior leadership team comprises:

- Martin A R Collier MA (Oxon), Head (to August 2017)
- Mrs Rowena C Cole BSc, MBA, Head (from August 2017)
- Alex N J Tate MA (Oxon), Deputy Head
- Mrs Yvette M Dunne MA (Oxon) FCA, Finance Director (to June 2017)
- Mrs Sian E Holwell BSc FCA, Finance Director (from June 2017)
- Will Turner BA, Deputy Head (Academic)
- William O Nash BSc DipSurv MRICS, Estates Director
- Mrs Carol J Robinson MSc MCIPD, HR Director

Financial summary

A summary of the School's historical income and expenditure account and balance sheet is set out below, which has been extracted without adjustment from the audited consolidated financial statements of the School for the years ending 31 July 2015 and 31 July 2016. The School's financial statements are available in full on the Charity Commission website at [http://](http://apps.charitycommission.gov.uk/Accounts/Ends64/0000312064_AC_20160731_E_C.pdf)

apps.charitycommission.gov.uk/Accounts/Ends64/0000312064_AC_20160731_E_C.pdf

There has been no significant change in the financial or trading position of the School or its subsidiary St John's (Leatherhead) Enterprises Ltd (together the "Group") since 31 July 2016 and there has been no material adverse change in the financial performance of the School or the Group since 31 July 2016.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted and endowment funds	Total funds 2016	Total funds 2015
	£	£	£	£
Income from:				
Donations and legacies	32,133	205,630	237,763	375,059
Charitable activities: School fees	13,291,128	-	13,291,128	13,178,780
Other income from charitable activities	620,614	-	620,614	590,173
Other trading activities	103,902	-	103,902	86,960
Investments	30,067	20,004	50,071	71,382
Total income	14,077,844	225,634	14,303,478	14,302,354
Expenditure on:				
Raising funds	257,138	16,232	273,370	275,684
Charitable activities	13,225,356	224,915	13,450,271	13,023,316
Total expenditure	13,482,494	241,147	13,723,641	13,299,000
Net incoming funds from operations before investment (losses) / gains	595,350	(15,513)	579,837	1,003,354
Net (losses) / gains on investments	(8,099)	11,984	3,885	26,059
Net income / (expenditure)	587,251	(3,529)	583,722	1,029,413
Transfers between funds	(4,056)	4,056	-	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	282,000	-	282,000	20,000
Net movement in funds	865,195	527	865,722	1,049,413
Reconciliation of funds				
Total funds brought forward	22,550,673	658,690	23,209,363	22,159,950
Total funds carried forward	23,415,868	659,217	24,075,085	23,209,363

CONSOLIDATED AND SCHOOL BALANCE SHEETS

	Group 2016 £	Group 2015 £	School 2016 £	School 2015 £
Fixed assets				
Tangible assets	29,385,484	27,872,490	29,385,484	27,872,490
Investments	1,117,226	1,773,801	1,157,226	1,813,801
<i>Total fixed assets</i>	<u>30,502,710</u>	<u>29,646,291</u>	<u>30,542,710</u>	<u>29,686,291</u>
Current assets				
Debtors	362,713	353,599	399,131	398,814
Cash at bank and in hand	1,530,625	1,739,865	1,428,288	1,628,246
<i>Total current assets</i>	<u>1,893,338</u>	<u>2,093,464</u>	<u>1,827,419</u>	<u>2,027,060</u>
Liabilities				
Creditors: amounts falling due within one year	(2,705,624)	(2,317,285)	(2,679,705)	(2,290,881)
<i>Net current liabilities</i>	<u>(812,286)</u>	<u>(223,821)</u>	<u>(852,286)</u>	<u>(263,821)</u>
Total assets less current liabilities	29,690,424	29,422,470	29,690,424	29,422,470
Creditors: amounts falling due after more than one year	(6,701,339)	(6,943,107)	(6,701,339)	(6,943,107)
Net assets excluding pension asset	22,989,085	22,479,363	22,989,085	22,479,363
Defined benefit pension scheme asset	1,086,000	730,000	1,086,000	730,000
Total net assets	<u>24,075,085</u>	<u>23,209,363</u>	<u>24,075,085</u>	<u>23,209,363</u>
The funds of the School:				
Endowment funds	218,109	215,355	218,109	215,355
Restricted income funds	441,108	443,335	441,108	443,335
<i>Total restricted funds</i>	<u>659,217</u>	<u>658,690</u>	<u>659,217</u>	<u>658,690</u>
Unrestricted funds	22,329,868	21,820,673	22,329,868	21,820,673
Pension reserve	1,086,000	730,000	1,086,000	730,000
Total School funds	<u>24,075,085</u>	<u>23,209,363</u>	<u>24,075,085</u>	<u>23,209,363</u>

Current borrowings of the School

The School has two fully drawn bank loan facilities totalling £7m and a Revolving Credit Facility (RCF) of £2m. These facilities are secured on some of the School's property assets.

The loans of £6m and £1m are being repaid over ten year periods ending December 2020 and July 2022 respectively. The total outstanding balance on the loans at 31 July 2016 was £3,585,731 of which £734,237 was repayable within one year. The interest on these loans is variable (3 month LIBOR plus a fixed margin).

The RCF allows the School to draw up to £2m which can be repaid and redrawn when required. It was fully drawn at 31 July 2016 and expires in July 2020. The interest on this facility is variable (3 month LIBOR plus a fixed margin).

New bank funding has been offered in 2017 for a £6m loan repayable over five years of which £2m will be drawn as required over the course of construction of Phase One of the sports facility.



Information about the Bonds

What is a bond?

A bond is a form of borrowing by an organisation seeking to raise funds from investors. The organisation that issues a bond promises to pay interest to each investor in the bond periodically until the date when the bond becomes repayable (usually on the specified maturity date, although a bond may also become repayable early in certain circumstances), at which time the issuer also promises to repay the amount borrowed.

Who is issuing the Bonds?

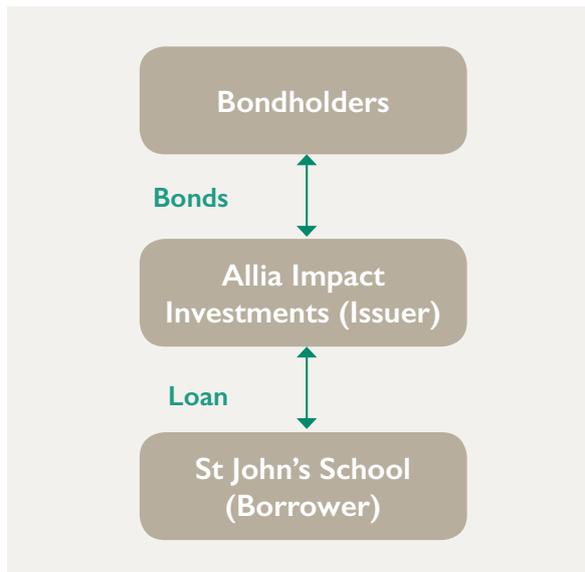
The Bonds will be issued by Allia Impact Investments, a specialist charity bond issuer.

The Issuer is a community benefit society, which permits it to offer and issue certain bonds to the public in the UK. It has been established as a special purpose vehicle within the Allia charitable group to make it easier for UK charities to raise money from investors without each charity

having to issue bonds directly. Instead, the Issuer may issue bonds from time to time, and lend the proceeds of the issue to a charity. In each case, the payments of interest and principal due on the loan and those due on the bonds will be identical so that the payments of interest and repayment of the loan by the borrower will provide the Issuer with funds to make the corresponding payments on the related bonds.

In relation to the St John's School Bond, the funds invested in the Bonds will be loaned to the School by way of the Loan under the terms of the Facility Agreement entered into between the Issuer and the School. The Issuer will depend on the School to make payments on the Loan in order for it to be able to make payments on the Bonds. Therefore, investors in the Bonds will be assuming credit risk on the School (for more information see the section 'Risk factors').





Choosing your Rate of Return

The St John's Bond offers investors a fixed return on their investment of up to 3.25% a year. Bondholders may however choose a lower, or no return, and the School intends to apply the value of all interest foregone by Bondholders towards supporting means tested bursaries and parental hardship awards.

The offer is comprised of two series of Bonds paying an annual rate of 3.25% and 0%. You can choose to invest entirely in either 3.25% Bonds or 0% Bonds, or you can divide your investment in any combination of the two series to give you the aggregate return you want (your "**Rate of Return**"). For example, if you choose to invest half of your investment in 3.25% Bonds and the other half in 0% Bonds, you would get a Rate of Return of 1.625% across your whole investment.

Please note you will not be able to change your Rate of Return at any time during the term of the Bonds.

Form, denomination and title

The 0% and 3.25% Bonds are available in denominations of £100 and integral multiples thereof. The minimum investment in the Bonds (in total across both series) is £1,000.

The Bonds are in registered form. This means that ownership of the Bonds will be recorded by the Registrar in the Register. The name of the Bondholder as recorded in the Register will be the owner of the Bonds.

Payments and repayment

Payments of interest will be made to Bondholders annually on each anniversary of the Issue Date up to and including the Repayment Date, which will be the fifth anniversary of the Issue Date. The Bonds are due to be repaid in full at their face denomination on the Repayment Date. All Bonds will be repaid on the same date.

All payments will be made for value by electronic transfer to the account specified by each Bondholder. The Issuer will not be liable for any failure or delay in payment which results from events beyond its control.

Early repayment at the option of the Issuer

The Issuer may at its option repay any or all of the Bonds, in whole or in part, prior to the Repayment Date. The Issuer will give not less than 30 days, and not more than 90 days, notice to the relevant Bondholders. There is no obligation on the Issuer to repay any of the Bonds prior to the Repayment Date.

Purchase by the Issuer

The Issuer may agree with a Bondholder to purchase Bonds held by that Bondholder. Such purchase will be subject to agreement with the relevant Bondholder and may incur an administrative charge. There is no obligation on the Issuer to purchase any of the Bonds.

Transfer

The Bonds are transferable. To transfer a Bond in whole or part (subject to the specified denominations) a transfer form must be completed and returned to the Issuer. The transferee must also meet the conditions of who may invest in the Bonds.

The transfer on sale of interest bearing Bonds will be subject to stamp duty (currently at 0.5% of the consideration payable) unless the value of the consideration paid does not exceed £1,000 and the transfer instrument includes a certificate of value confirming this.

What does it mean that the Bonds are secured on a loan to the School?

The Issuer's rights in respect of the Loan will be charged as security and assigned to the Trustee for the benefit of the Bondholders. This means that if the School fails to make payments of interest or principal owed under the Loan and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the Bondholders, and if placed in funds for that purpose by the Bondholders or the Issuer) may enforce the terms of the Loan against the School, and if any amounts are recovered under the Loan they will be available, following payment of certain costs related to enforcement (such as the fees of the Trustee), for payment to the holders of the Bonds.

The Loan itself is not secured against any asset of the School or otherwise.

Limited recourse

The Bonds are limited in recourse to the proceeds received under the Loan. This means that the Issuer is only liable to make payments in relation to the Bonds to the extent that it has received payments from the School under the Loan.

Taxation

Investors should not be liable to pay any UK tax on the return of their principal investment on redemption of the Bonds.

In relation to the 3.25% Bonds, payments of interest will be paid without deduction of tax. The Issuer will notify HMRC of the amount of each interest payment made to each Bondholder within three months after the end of its financial year. Each Bondholder has the duty to declare the amount of interest received from the Issuer to HMRC and to account to HMRC for any income tax due.

Investors may also be liable to capital gains tax on any gain arising on a transfer of interest bearing Bonds.

Investors who are companies within the charge to UK corporation tax in respect of the Bonds will generally be subject to corporation tax in respect of all profits arising from the Bonds, broadly on the basis reflected in their statutory accounts.

Potential investors should seek advice from their professional tax advisors if in any doubt about the tax implications of an investment in the Bonds. Nothing in this Offer Document or any other document issued by the Issuer should be construed as tax advice.

Covenants

As part of the terms and conditions of the Bonds, the Issuer makes certain covenants to the Bondholders (see the section '*Terms and conditions*'). Subject to certain conditions, if the Issuer breaches these covenants and does not remedy them within the permitted timeframe, then Bondholders may seek early repayment of the Bonds. Bondholders should note that any such repayment will be subject to the limited recourse conditions as described above.

Under the Facility Agreement with the Issuer, St John's also makes certain covenants which, if breached and not remedied, would result in a default on the Loan and, accordingly, a default on the Bonds.

The key covenants in the Facility Agreement are:

- A commitment to ensure that, as at the last day of each of its financial years, the value of the School's uncharged assets (i.e. which have not been secured for the benefit of another lender by way of a legal mortgage or fixed charge) shall be no less than 130% of its total unsecured borrowing;
- A provision that if the School takes further unsecured borrowing and the terms of such borrowing include a financial covenant that is not in the Facility Agreement with the Issuer and would be more beneficial to the Issuer than any analogous covenant in the Facility Agreement, the School shall notify the Issuer and those terms shall be automatically incorporated into the Facility Agreement;
- The School will send a copy of its audited financial statements to the Issuer as soon as they are available, together with a certificate confirming its compliance with the covenants;
- The School will use its reasonable endeavours to provide an annual statement of social impact together with each set of audited financial statements.

Key documents

The St John's School Bond 2017 is documented by important legal documents which set out the relationship between Bondholders, the Trustee and the Issuer. Brief descriptions of these documents are set out below.

Trust Deed

The Trust Deed establishes the role of the Trustee to hold on trust the various promises made by the Issuer to Bondholders and enforce these if necessary. It will be entered into by the Issuer and the Trustee on or around the Issue Date and contains:

- (i) the terms and conditions of the Bonds;
- (ii) the terms of appointment of the Trustee including the terms on which it may retire or be removed;
- (iii) the terms on which the Trustee will act, including that the Trustee is not required to take action on behalf of Bondholders unless it has received instructions as set out in the Trust Deed and has received such indemnities and security against loss from the Bondholders as it may require; and
- (iv) the terms on which Bondholders' meetings will be held and the requisite quorums and majorities required to pass Bondholder resolutions.

In particular, Bondholders should note that they cannot enforce the terms and conditions of the Bonds on an individual basis but only through the Trustee. The Trustee is not required to enforce the terms and conditions of the Bonds if its costs will not be covered by the Bondholders (for more information see the section '*Risk factors*' below).

The Trustee does not investigate and has not investigated the credit-worthiness of the Issuer or the School. The Trustee accepts no liability, except for its own wilful default as Trustee, in the event that payments are not made in full as they fall due.

The Trustee for the Bonds is Wrigleys Trustees Limited, a trust corporation which is incorporated in England and Wales under the company number 06657231. The registered office of the Trustee is 19-21 Cookridge Street, Leeds, LS2 3AG.

The Deed of Charge

The Deed of Charge protects investors against the risk of Allia Impact Investments becoming insolvent. It will be entered into by the Issuer and the Trustee on the Issue Date. Under the Deed of Charge, the Issuer assigns its rights under the Loan to the Trustee by way of security for the benefit of the Bondholders. This means that in the event the Issuer becomes insolvent, or does not repay the Bonds in full on the Repayment Date, the Trustee may enforce the terms of the Loan to St John's School on behalf of Bondholders.

The effect of this security is that Bondholders are taking credit risk on St John's School and not the Issuer.

The Deed of Charge also contains limited recourse provisions, the effect of which is described in the sections '*Information about the Bonds*' and '*Risk factors*'.

The Registrar Agreement

The Registrar Agreement will be entered into by the Registrar and the Issuer on or around the Issue Date. Under the Registrar Agreement the Registrar will agree to perform certain duties for the Issuer in respect of the Bonds, including maintaining the Register. Bondholders should provide details of any change in ownership or other change (including any change of contact details) to the Issuer, who will maintain a database in respect of the Bonds and Bondholders and will provide a copy of such database to the Registrar on a regular basis.

The Registrar is Wrigleys Solicitors LLP, a Limited Liability Partnership registered in England under No. OC318186, regulated by the Solicitors Regulation Authority and authorised and regulated by the Financial Services Authority. The registered office of Wrigleys Solicitors LLP is 19-21 Cookridge Street, Leeds, LS2 3AG.

Risk factors

Like any financial investment, investing in the Bonds involves certain risks.

The following is a description of the principal risks and uncertainties relating to the Bonds. However, please note that there may be other risks involved in investing in the Bonds and certain risks may be due to your individual circumstances. If you are concerned about these risks you must consult your financial advisor.

Risks relating to the Issuer

Limited recourse

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

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

Credit risk on the School

Credit risk can be described as the risk that a borrower of money will be unable to repay it. Investors in the Bonds will take credit risk on the School. If the School becomes unable to pay its debts as they fall due, an investor in the Bonds could lose some or the entire amount of his or her investment. Accordingly, investors should have regard to the detailed information contained in this Offer Document in relation to the School to assess the credit risk of an investment in the Bonds.

No independent investigation by the Issuer of the School

The Issuer has not undertaken and will not undertake any investigations or due diligence to establish the creditworthiness of the School for the benefit of Bondholders. The Issuer does not provide any credit enhancement, guarantee or any other credit support in respect of the School or its obligations under the Loan.

The Issuer is under no obligation to monitor the performance by the School

The Issuer is under no obligation to investigate or monitor the continued compliance by the School of the covenants in the Facility Agreement and is



entitled to assume without enquiry that no event of default has occurred under the Facility Agreement. In addition, the Issuer is under no obligation to take any action (including any enforcement action following the occurrence of an event of default under the Facility Agreement) in relation to the School or in respect of its rights under the Facility Agreement.

Investors should note that the School has agreed to deliver certain information to the Issuer pursuant to the terms of the Facility Agreement including (i) its audited annual report and accounts; (ii) a compliance certificate confirming whether a default is continuing at the relevant time; and (iii) an annual statement of social impact. In addition, the School is required to notify the Issuer of any default under the Facility Agreement promptly upon becoming aware of its occurrence. The Issuer will forward such information to the Trustee and publish it on its website at <http://allia.org.uk/st-johns>.

Investors should note, however, that the Issuer and the Trustee shall not be responsible for reviewing or monitoring the receipt of any such information and that Bondholders will therefore be responsible for reviewing such information and deciding upon a course of action to be taken in relation to it.

Risks relating to St John's School

The following is a description of the principal risks and uncertainties which may affect the School's ability to fulfil its obligations under the Loan.

Regulatory Issues

The School is regulated and inspected by the Independent Schools Inspectorate ("ISI"). Any adverse findings of an ISI inspection could result in adverse publicity. This could result in the loss of market share and might have a material adverse effect on the business, results of operations, financial condition or prospects of the School. If the ISI findings are seriously adverse, the School could be subject to restrictions imposed by the Department for Education or removal from its register.

No assurance can be given as to the impact of any possible changes in regulations after the date of this Offer Document. The education sector is highly regulated and there has been significant change to the legislative regime over recent years. Changes in regulation could result in increased costs for the School. This, in turn, could adversely affect the ability

of the School to make payments under the Loan and, in turn, the ability of the Issuer to make payments in respect of the Bonds.

In light of the above, the School maintains a governance system suitable to meet current regulatory requirements and also monitors ISI publications, updates and the ISI website to ensure its governance system remains valid. The School also provides regular updates and training to its Governors, managers and staff to ensure compliance with the regulatory requirements. No major failings have been identified in any ISI inspection report.

Fee income and pupil roll

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

In order to mitigate such risk, the School continually reviews costs and fee levels against budgets and projected long-term pupil numbers. Local demographic data is analysed to inform strategic planning for pupil admissions up to five years ahead of their entry to the School.

Failure to comply with laws and compliance requirements

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

Furthermore, the School has the benefit of insurance for, among other things, employer's liability, public liability and professional indemnity at a level which the management of the School considers to be prudent for the type of business in which the School is engaged and commensurate with schools of a similar size. To date, litigation claims made against the School have not had a material impact on the revenue or business of the School, although there can be no assurance that the School will not, in the future, be subject to a claim which may have a material impact upon its revenue or business. Any such claims may have an adverse impact on the School's ability to make payments under the Loan and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Competition

The School is aware that there are competitors in the education market who may offer an alternative provision and different fees and charges. This may include competition from the state education sector and be affected by Government policy on grammar schools. Competition in the education sector may reduce the ability of the School to retain existing pupils or attract new pupils, which would have a direct impact on the School's revenue. A reduction in revenue may impact the School's ability to make payments under the Loan, which would, in turn, have an impact on the Issuer's ability to make payments in respect of the Bonds. Through regular stakeholder surveys, the School tracks its competitors' offerings and local demands and, where possible, the School will seek to equal or better those offerings, although no assurance can be given that the School will succeed in such an endeavour.

Claims and reputational risks

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

Buildings Insurance

The School has in place comprehensive insurance cover against the risk of physical destruction of or damage to physical assets including by means of fire, storm damage, contaminated land, asbestos and subsidence problems. Any failure by the School to keep the relevant insurance policies current in respect of a relevant property may, on the occurrence of any damage to such property, which would otherwise have been recoverable under such insurance policy, result in a corresponding loss in the value of such property. Similarly, even where the relevant insurance policy is current, there could be an administrative delay in obtaining payment by the School from the insurers, which could affect the ability of the School to meet its respective payment obligations during that period of delay. Certain types of risks and losses (such as losses resulting from war or terrorism) may be or become either uninsurable or not economically insurable or are not covered by the insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the School might not have sufficient funds to repay in full all amounts owing under the Loan, which would impact the ability of the Issuer to pay all amounts owing under the Bonds.

Refinancing risk

The current intention of the School is to repay the Loan from available reserves to be built up within the business. In addition to the monitoring of key performance indicators, detailed monthly management reporting and regular review of the reserves policy ensures that there are sufficient funds to meet the School's needs. However, there is a possibility that the School will need to incur new indebtedness in order to refinance the Loan. In that event, the availability of credit for the School to refinance the Loan will be significantly dependent upon economic conditions then prevailing in the United Kingdom, being the market where its operations are based, as well as the willingness and ability of lenders to make such loans. Such lenders typically include banks, insurance companies and finance companies. The availability of funds in the credit markets fluctuates and there can be no assurance that the availability of such funds will remain at current levels. If the School is unable to obtain additional financing it may not be able to meet

its obligations under the Loan, which would, in turn, affect the Issuer's ability to make payments in respect of the Bonds.

Risk of adverse financial impact from political change

A change of Government or of the policies regarding the retention of charitable status by independent schools could lead to increased costs for the School in the longer term. The financial impact of such change is being monitored by the School and is considered when updating financial forecasting over the following five years. A significant adverse change may affect the School's ability to make payments under the Loan and, in turn, the Issuer's ability to make payments in respect of the Bonds.

Risks relating to the nature of the Bonds

Fixed return

The 3.25% Bonds will pay 3.25% interest each year on the anniversary of the Issue Date up to and including the Repayment Date. The 0% Bonds will not pay any interest. Should you choose to invest in 0% Bonds or a combination of 0% and 3.25% Bonds, you will not be able to move any part of your investment from the 0% series to the 3.25% series at any time during the term of the Bonds.

Access to capital

Although the Bonds are transferable they will not be listed on a recognised stock exchange and there is a risk that you may not find a purchaser for your Bond. Except at the Issuer's option (which it may decide not to exercise), the Bonds are only repayable on the Repayment Date. This means that the Bonds are not suitable for investors who need ready access to their capital.

No direct recourse to the School

Under the Deed of Charge, the Issuer assigns its rights under the Loan to the Trustee by way of security for the benefit of the Bondholders. In the event that the School fails to make payments under the Loan, the Trustee may enforce the terms of the Loan including taking action against the School on behalf of the Bondholders. However, the Trustee is not required to take enforcement action unless it is instructed to do so by the requisite majority

of Bondholders and has been indemnified for potential costs by Bondholders. Such enforcement proceedings may cause delay in repayments or losses to Bondholders.

Bondholders will not have any direct recourse against the School in respect of any failure by the School to make payments under the Loan.

No recourse to the Financial Services Compensation Scheme

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

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

Losing contact with the Issuer

It is a duty of the Bondholder to keep the Issuer informed of any change of address. If the Issuer's attempt at repayment on the Repayment Date is unsuccessful, any interest that is unclaimed within 5 years of the Repayment Date and any principal investment unclaimed within 10 years of the Repayment Date will become forfeit and will be granted by the Issuer to the School to be applied in furtherance of its charitable objects, including the provision of means tested bursaries and parental hardship awards.

Modification of the terms of the Bonds and the waiver of certain rights

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

The conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders and without regard to the interests of particular Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, or (ii) determine without the consent of the Bondholders that any event of default shall not be

treated as such where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders to do so or may agree without Bondholder consent to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.



How to invest

You may invest in the Bonds if you are:

- (i) an individual aged 18 or over and resident in the UK;
- (ii) a corporate body whose registered office is in the UK;
- (iii) a charitable trust; or
- (iv) a public sector body in the UK (including local authorities and the devolved administrations in Scotland (the Scottish Government), Wales (the Welsh Assembly Government) and Northern Ireland (the Northern Ireland Executive))

To invest in the Bonds you must complete the application form on the Issuer's website at <http://allia.org.uk/st-johns>.

The minimum subscription amount (in aggregate for the 0% and 3.25% Bonds) is £1,000 and you may subscribe for any amount greater than this in multiples of £100.

The Issuer expects to close the offering of the St John's Bond 2017 on 30 June 2017, though the offer may be closed earlier if fully subscribed. The Bonds will be issued within 15 days of the Subscription Closing Date. The Issuer reserves the right to extend the Subscription Closing Date

and the Issue Date and will notify each Applicant in writing if it does so. The Issuer also reserves the right not to accept your application.

Basis of the application

The Issuer will accept applications only on the basis of information in this document 'Offer for public subscription of up to £3,000,000 3.25% and 0% limited recourse bonds due 2022'. This information supersedes all other information (written or oral) concerning the Bonds.

Payment

Payment may be made by cheque or by electronic bank transfer to the account specified on the application form. A separate payment must accompany each application. Cheques should be made payable to "Allia Social Impact Investments" and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man in the same name as the subscriber.

Payment received before the Subscription Closing Date will be placed in a separate account of the Issuer. The Issuer has declared that such account is held on trust for the Applicants until the Issue Date. On the Issue Date the monies standing to the credit of the account will be transferred, net of



the Issuer's fees and expenses, to the School under the Loan. No interest accruing on the account will be payable to Applicants; however, any amounts standing to the credit of the account following the Issue Date will be used for the Issuer's charitable purposes.

No application will be accepted unless and until payment has been received.

Cancellation

You have the right to withdraw your application at any time up to the Issue Date. You will receive your money back in full but no interest will be paid to you on such monies. If you wish to withdraw your application, please write to us at Allia Impact Investments, Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY.

Notice on Money Laundering

The Issuer and the Registrar are required by law to check the identity of any Applicant for the Bond or of any person for whom an Applicant is acting as agent, in accordance with the Money Laundering Regulations 2007 as amended from time to time. They may therefore ask you to supply documentation to confirm your identity, address or both, or may undertake an electronic identity check. Any documents provided will be recorded and copied for audit purposes as part of our anti-

money laundering requirements. If satisfactory evidence of identity is not received within the specified time, this may delay the processing of your application and may even result in your application being rejected. You should ideally make payment from your personal bank or building society account.

Certificates

Certificates in respect of holdings of the Bonds will be sent by post within 30 days of the Issue Date. Please note that title to the Bonds is recorded through the Register.

Notification

If your details change or if your bond certificates are lost or stolen you must contact the Issuer immediately.

Information

Information provided by the School under the terms of the Facility Agreement will be published on the Issuer's website. The Issuer may alert you periodically to these updates by email and may keep you informed about any new developments in its services and other aspects of the Allia group's activities which it believes may be of interest to you (see the section below '*Data Protection Consent*').



Disclaimers and general information

Data protection consent

By completing the application form you are giving consent for the Issuer, the Registrar and the Trustee to hold the information you provide in accordance with current data protection legislation. The Registrar and the Issuer will use your information for the maintenance of the Register, to inform you about the impact of your investment and for payments of interest and the redemption of the Bond on maturity.

The information will be shared where appropriate with the Trustee in the normal course of the registration process including for identity checks and fulfilment of the duties of Trustee. We will also pass the information about your investment to St John's School unless you have requested otherwise. The information may be shared within the Allia group, and Allia may also send you communications about other areas of its work unless you have requested otherwise. Your information will not be disclosed to other firms for marketing purposes. We may from time to time share anonymised aggregate statistics about our investors, but will not do so in a way that could be used to identify you. See also our privacy policy at <http://allia.org.uk/information/privacy-policy>.

You have the right to ask for a copy of the information held about you in the Issuer's and the Registrar's records, and to require them to correct any inaccuracies. Please write to the issuer at Allia Impact Investments, Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY and the Registrar at Wrigleys Solicitors LLP, 19-21 Cookridge Street, Leeds, LS2 3AG.

Legal background

This offer is issued by Allia Social Impact Investments Limited. The Issuer is not an investment institution authorised and regulated under the Financial Services and Markets Act 2000, and does not accept deposits. It is permitted to issue this financial promotion pursuant to the exemption to Section 21(1) of the Financial Services and Markets Act 2000 contained in paragraph 35 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This offer of transferable securities does not require an approved prospectus pursuant to Section 85 Financial Services and Markets Act 2000 because the Bond falls within paragraph 7(2)(a) of Schedule 1 IA of the Financial Services and Markets Act 2000 Prospectus Regulations 2005.

Glossary

Applicant	A potential subscriber for the Bonds who has paid subscription monies to the Issuer
Bonds	The 3.25% and 0% Bonds issued under the St John's School Bond 2017
Bondholders	The holders of the Bonds
Deed of Charge	A security agreement entered into by the Issuer and the Trustee on or around the Issue Date under which the Issuer assigns its rights under the Loan to the Trustee by way of security
Facility Agreement	A facility agreement entered into between the Issuer and the School on 12 May 2017 under which the Issuer may make loans to the School from time to time from the proceeds of bond issues
Issue Date	The date the Bonds will be issued, which will be within 15 days of the Subscription Closing Date
Issuer	Allia Social Impact Investments Limited
Loan	The loan that will be advanced to the School on the Issue Date under the terms of the Facility Agreement, funded by the proceeds of the Bonds
Offer Document	This document 'Offer for public subscription of up to £3,000,000 3.25% and 0% limited recourse bonds due 2022'
Rate of Return	The aggregate annual interest rate chosen by a Bondholder, determined by the proportion of investments in 0% Bonds and 3.25% Bonds
Register	The register of Bondholders held by the Registrar
Registrar Agreement	The agreement entered into by the Registrar and the Issuer on or around the Issue Date
Registrar	Wrigleys Solicitors LLP
Repayment Date	Bondholders will be repaid on this date which will be the fifth anniversary of the Issue Date
St John's School Bond 2017	The offer of 3.25% and 0% Bonds made under the Offer Document
School or St John's	The Saint John's School Foundation
Subscription Closing Date	30 June 2017, unless fully subscribed earlier or extended by notice in writing by the Issuer to each Applicant
Trustee	Wrigleys Trustees Limited
Trust Deed	An agreement entered into by the Issuer and the Trustee on or around the Issue Date appointing the Trustee

Terms and conditions of the Bonds

The offer of up to £3,000,000 limited recourse Zero Interest Bonds (the “**Zero Interest Bonds**”) and 3.25 per cent. Interest Bonds (the “**3.25 per cent. Interest Bonds**”), in each case due 2022 (together, the “**Bonds**”), was authorised by a resolution of the Board of Directors of Allia Social Impact Investments Limited (the “**Issuer**”) passed on 8 May 2017.

The Bonds will be constituted by a trust deed (the “**Trust Deed**”) between the Issuer and Wrigleys Trustees Limited (the “**Bond Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the “**Bondholders**”).

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which includes the form of the Bonds, (ii) the deed of charge (the “**Deed of Charge**”) to be dated the Issue Date between the Issuer and Wrigleys Trustees Limited (the “**Security Trustee**”) and (iii) the registrar’s agreement (the “**Registrar Agreement**”) between Wrigleys Solicitors LLP (the “**Registrar**”), Allia Social Impact Investments Limited as the register servicer (the “**Register Servicer**”) and as the Issuer.

Copies of the Trust Deed, the Deed of Charge, the Registrar Agreement and the rules of the Issuer will, when published, be available for inspection during usual business hours at the specified offices from time to time of the Bond Trustee.

The Bondholders will be entitled to the benefit of, will be bound by, and will be deemed to have notice of, all the provisions of the Deed of Charge, the Trust Deed and the Registrar Agreement.

Repayment of the Bonds is limited in recourse to monies received by the Issuer from The Saint John’s School Foundation pursuant to the loan granted by the Issuer as lender and The Saint John’s School Foundation as borrower (the “**Loan**”) designated as the “**St John’s Loan I**”.

I Form, Denomination and Title

- (a) **Form and denomination:** The Bonds are in registered form and represented by registered certificates (“**Certificates**”) in denominations of £100 and integral multiples thereof (the “**Specified Denomination**”). Each holder will be issued with a certificate or certificates denominated in the relevant Specified Denomination to an aggregate of the entire holding of that holder.
- (b) **Title:** Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Registrar Agreement (the “**Register**”). The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder. “**Holder**” means the person in whose name a Bond is registered in the Register (or, in the case of a Bond registered in the name of more than one person, the first named person in the Register).
- (c) **Transfer of Bonds:** One or more Bonds may be transferred upon the surrender (at the specified office of the Register Servicer (if an Event of Default has not occurred or is not continuing) and at the specified office of the Registrar (if an Event of Default has occurred and is occurring)) of the Certificate representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate, duly completed and executed and any other evidence as the Register Servicer or the Registrar (as the case may be) may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new

Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. However, a Bond may not be transferred unless (i) the principal amount of Bonds proposed to be transferred and the principal amount of the balance of Bonds proposed to be retained by the relevant transferor are, in each case, denominated in the relevant Specified Denomination; and (ii) in respect of any transfer which is chargeable to UK stamp duty, the Issuer has received a duly stamped form of transfer.

- (d) **Series:** whether a Bond is a Zero Interest Bond or a 3.25 per cent. Interest Bond shall be stated on the relevant Certificate and recorded in the Register. The Register shall be conclusive as to the Series (as defined in the Trust Deed) of a Bond.

2 Status, Priority and Security

- (a) **Status of the Bonds:** The Bonds constitute secured obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement, Limited Recourse and Non-Petition*).
- (b) **Priority:** The Bonds shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (c) **Security:** The holders of the Bonds and the other Secured Creditors will, subject to the terms of the Trust Deed, share in the security created by the Deed of Charge (the "**Security**"). Upon enforcement of the Security the proceeds of such enforcement shall be applied by the Security Trustee as set out in the Deed of Charge. If the moneys received by the Security Trustee are not enough to pay in full all amounts to persons whose claims rank rateably, the Security Trustee shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

3 Negative Pledge

Except as provided in the Deed of Charge, the Issuer shall not create or allow to exist any Security Interest on the whole or any part of the Secured Property.

"**Security Interest**" means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

"**Secured Property**" means the assets from time to time subject, or expressed to be subject, to the Security or any part of those assets.

4 Interest

- (a) The Zero Interest Bonds shall not bear interest.
- (b) The 3.25 per cent. Interest Bonds shall bear interest at a rate of 3.25 per cent. per annum (the "**Rate of Interest**"). Interest will be payable annually in arrear on each anniversary of the Issue Date up to and including the Repayment Date (each an "**Interest Payment Date**"). The amount of interest payable in respect of the Bonds on each Interest Payment Date will be £3.25 per Bond of Specified Denomination.
- (c) For 3.25 per cent. Interest Bonds redeemed prior to the Repayment Date in accordance with Condition 5 (*Redemption and Purchase*), the amount of interest payable per Specified Denomination in arrear on the relevant redemption date shall equal the product of the Specified Denomination, the Rate of Interest and the day-count fraction, rounding the resulting figure to the nearest one pence (half of one pence being rounded upwards). The day-count fraction shall be the number of days in the period from and including the last Interest Payment Date to but excluding the relevant redemption date.
- (d) Each Bond will cease to bear interest from the Repayment Date unless, upon surrender of the Certificate representing such Bond on the Repayment Date, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and (b) the day falling

seven days after the Bond Trustee has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

5 Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Repayment Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5 (*Redemption and Purchase*).
- (b) **Redemption at the Option of the Issuer:** The Issuer may at its option, having given not less than 30 nor more than 90 days' notice to the Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem the Bonds in whole or, subject to the relevant Specified Denomination, in part at their principal amount. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5 (*Redemption and Purchase*).
- (c) **Notice of Redemption and Drawings:** All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the Bonds to be called for redemption shall have been drawn in such place as the Bond Trustee may approve and in such manner as it deems appropriate.
- (d) **Purchase:** The Issuer may at any time purchase Bonds from individual Bondholders without making a general offer to Bondholders at any price. The Bonds so purchased, while held by or on behalf of the Issuer shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11 (*Meetings of Bondholders, Modification, Waiver and Substitution*).

- (e) **Cancellation:** All Bonds so redeemed or purchased will be cancelled and may not be re-issued or resold.

6 Payments

- (a) **Method of Payment:** Payments of principal or interest or other payments on the Bonds will be made to the persons shown in the Register. Each such payment will be made by electronic bank transfer to a bank account nominated by the Bondholder in the application form (or as otherwise notified to the Issuer in writing no less than five Business Days prior to the date of such payment). The Issuer shall not be liable for any delay in payment due to any technical failure of the electronic transfer system.
- (b) **Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payments on Business Days:** A Bond may only be presented for payment on a day which is a business day in the place of presentation. "**Business day**" means a day on which commercial banks are open in London.

7 Taxation

- (a) All payments in respect of the Zero Interest Bonds and the 3.25 per cent. Interest Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted.
- (b) The Issuer shall not be obliged to make any additional payments to holders of Bonds in respect of any withholding or deduction.

8 Events of Default

If any of the following events occurs and is continuing the Bond Trustee at its discretion may, and if so requested by holders of at least three-quarters in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount (such notice, an “**Acceleration Notice**”):

- (a) **Non-Payment:** the Issuer fails to pay any amounts due on any of the Bonds when due and such failure continues for a period of seven days; or
 - (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Transaction Documents (as defined in the Trust Deed) which default (a) is incapable of remedy or, if in the opinion of the Bond Trustee capable of remedy, is not in the opinion of the Bond Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Bond Trustee and (b) in the opinion of the Bond Trustee is materially prejudicial to the interests of the Bondholders; or
 - (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual event of default (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) (*Cross-Default*) have occurred equals or exceeds £100,000 and provided further that
- “**indebtedness**” or “**moneys borrowed or raised**” for the purposes of this Condition 8(c) (*Cross-Default*) shall not include any indebtedness incurred or moneys raised on a limited recourse basis; or
 - (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, and in any such case not being discharged within 30 days; or
 - (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver administrator or other similar person); or
 - (f) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
 - (g) **Winding-up:** an administrator or similar official is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Bond Trustee or by an Extraordinary Resolution of the Bondholders; or

- (h) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Transaction Documents; or
- (i) **Transaction Documents:** any Transaction Document is not, in whole or (in the opinion of the Bond Trustee) in any material part, (or is claimed by the Issuer not to be) in full force and effect; or
- (j) **Analogous Events:** any event occurs which has an analogous effect to any of the events referred to in any of the foregoing Conditions 8(a)-(i).

9 Prescription

Claims in respect of principal, interest and other sums will become void unless presentation for payment is made as required by Condition 6 (*Payments*) within a period of 10 years (in the case of principal) or five years (in the case of interest) from the Repayment Date and thereafter all such sums shall be forfeited and revert to the Issuer.

10 Replacement of Bonds

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Register Servicer (if an Event of Default has not occurred and is not continuing) or to the Registrar (if an Event of Default has occurred and is continuing) subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Register Servicer (if an Event of Default has not occurred and is not continuing) or to the Registrar (if an Event of Default has occurred and is continuing) may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11 Meetings of Bondholders, Modification, Waiver and Substitution

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by

Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds, (ii) to reduce or cancel the principal amount of the Bonds, (iii) to make any modification as to the calculation, amount or due date of interest in respect of any 3.25 per cent. Interest Bonds, and (iv) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution (each of (i) to (iv) a "**Basic Terms Modification**"), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

- (b) **Written resolutions:** The Trust Deed provides that a resolution in writing signed by or on behalf of all the holders of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (c) An Extraordinary Resolution passed at a meeting of the Bondholders shall be binding on the holders of each Series of Bonds irrespective of the effect on them, except for an Extraordinary Resolution of the Bondholders to sanction a Basic Terms Modification which shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each Series of Bonds.

The Trust Deed provides that:

- (i) meetings of Bondholders of separate Series will normally be held separately, but the Bond Trustee may from time to time determine that meetings of Bondholders of separate Series shall be held together;
- (ii) an Extraordinary Resolution that in the opinion of the Bond Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the Bondholders of the Series concerned;
- (iii) an Extraordinary Resolution that in the opinion of the Bond Trustee affects the Bondholders of more than one Series but does not give rise to a conflict of interest between the Bondholders of the different Series concerned shall be deemed to have been duly passed if duly passed at a single meeting of the Bondholders of the relevant Series; and
- (iv) an Extraordinary Resolution that in the opinion of the Bond Trustee affects the Bondholders of more than one Series and gives or may give rise to a conflict of interest between the Bondholders of the different Series concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Bondholders of the relevant Series.

- (d) **Modification and Waiver:** The Bond Trustee may agree, without the consent of the Bondholders to (i) any modification of any of the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any

of the provisions of the Trust Deed which is in the opinion of the Bond Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Bond Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

- (e) **Substitution:** The Trust Deed contains provisions permitting the Bond Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Bond Trustee may require, but without the consent of the Bondholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Bond Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Bond Trustee be materially prejudicial to the interests of the Bondholders.
- (f) **Entitlement of the Bond Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Bond Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

12 Enforcement, Limited Recourse and Non-Petition

- (a) **Enforcement:** Subject always to the terms of the Deed of Charge, at any time after the Bonds become due and payable, the Bond Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings unless (i) it shall have been so

directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in principal amount of the Bonds outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Bond Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

(b) Limited Recourse:

(i) **Enforcement of Security:** Only the Security Trustee may enforce the Security over the Secured Property in accordance with, and subject to the terms of, the Deed of Charge.

(ii) **Issuer Liability Limited:** The liability of the Issuer to pay any amounts due under the Bonds shall be limited to, and payable solely out of, the amounts received by the Issuer, or the Security Trustee on behalf of the Secured Creditors (as defined in the Deed of Charge), in respect of the Secured Property and applied in accordance with the Deed of Charge.

(iii) **Amounts to Remain Outstanding:** Subject always to Condition 12(b)(i) (Enforcement of Security) above and Condition 12(c) (Non-Petition) below, any amount due under the Bonds and not payable or paid when due by the Issuer in accordance with Condition 12(b)(ii) (Issuer Liability Limited) above will nevertheless continue to be regarded as being outstanding for the purposes of making any demand under, or enforcing any Secured Property created by the Issuer pursuant to, any Transaction Document.

(iv) **Insufficient Recoveries:** If, or to the extent that, after the Security over the Secured Property has been enforced and as fully as practicable realised and the proceeds thereof have been applied in accordance with the Deed of Charge the amounts recovered on realisation of the Secured Property are insufficient to pay or discharge amounts due from the Issuer to the Bondholders in full for any reason, the Issuer will have no liability to pay or otherwise make good any such insufficiency.

(c) **Non-Petition:** No Bondholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

13 Indemnification of the Bond Trustee

The Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility. The Bond Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Bond Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bond Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Bond Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Bond Trustee and the Bondholders.

14 Notices

Notices to Bondholders will be mailed to them at the respective addresses in the Register and deemed to have been given on the second business day after the date of mailing.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16 Governing Law

- (a) **Governing Law:** The Trust Deed and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed and/or the Bonds ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.





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