THE VALUE PROPOSITIONS FOR BORROWERS AND INVESTORS

OF THE CHARITABLE CARE INVESTMENT FUND (CCIF) AND FINCCH*

	Characteristics of CCIF and FINCCH	Value to Borrowers	Value to Investors
1	**The CCIF concept**	• Provides access to funding from new sources of lenders	• Provides a mechanism for social investment in the charitable/non-profit sectors on terms which meet financial, administrative and ESG (Economic. Social, Governance) objectives
2	**A Fund of £400m**	• Big enough to attract significant additional source of funding and attention	• Big enough to be managed professionally throughout the lifetime of the fund and to make a significant social impact
3	**Specialist fund and Fund Management Group (FMG)**	• Focus and familiarity with the sector makes for shared understanding and awareness of issues as well as of potential pitfalls • Focus on sector enables Fincch to act as publicist and lobbyist for the sector	• No need to establish separate internal fund management team as Fincch offers a team of specialist sector, credit, due diligence and monitoring experts
4	**CCIF is a limited partnership (LP) approach**	• Saves having to deal a multitude of potential lenders • LP is the best legal structure to facilitate the flow of funds from institutional investors	• Familiar structure very similar to that of private equity funds • CCIF is “transparent” for UK direct tax purposes • Shares potential losses with others so minimising maximum loss on investment in CCIF • In exceptional circumstances CCIF may be able to offer secondary liquidity by finding purchasers of existing investment

5	**Debt product**	• Easily understood, familiar, administratively inexpensive and comparable to borrowing from bank • Avoids complicated issues involved with issuing bonds	• It is a well understood financial instrument • Terms with borrowers can easily be made back-to- back with terms with investors
6	**Long term loans for up to 20 years**	• Extended the repayment period spreads repayment costs over a number of generations of older people using the accommodation thus providing an equitable and affordable solution	• Provides a long term investment opportunity as an alternative to gilts with little additional risk
7	**CCIF loans are at a small margin over the yield on gilts**	• CCIF loans are competitively priced • Fixed rate avoids future uncertainty over financing costs • Rates are totally transparent as gilt yields are published by the Bank of England	• Provides positive margin over gilts with little additional risk • Provides a good prudential spread of creditors
8	**Loan is secured with maximum L2V of 80%**	• Gives charities a bigger opportunity to develop cost-effective proposals for facilities	• Extends scope to fund social investment without significantly increasing risk of loss on investment
9	**Will only invest in regulated and well-managed registered charities (or N4P companies)**	• Encourages charities to collaborate to form more sustainable entities • Encourages charities to improve management in order to better meet needs the of the 'poor'	• Helps to minimise chance of loan losses • Avoids start up situations
10	**Monitoring based on a partnership approach**	• Charities welcome monitoring which is supportive, low cost and mutually beneficial	• It is integral to minimising the investment risk
11	**Flexibility of CCIF loans**	• Welcome financial backer which can deal with unexpected delays in repaying loans in the best interests of the charities, without at the same time damaging their commitments to investors	• Investors do not wish to be seen putting financial interest in front of the interests of residents, at least until all other financial options have been exhausted

12	**There is a Bad Debt Fund**	• Encourages institutions to invest • Reduces pressure for investors to seek higher margin over gilts	• Provides a long stop for loan losses not fully covered by realised security
13	**Fincch pledges not to make excessive profits and will plough back excess into the sector**	• Will benefit from the pledge, eg subsidised courses • Avoids opprobrium from working with organisation potentially exploiting the poor and needy	• Totally in-keeping with investors making social investment

Note: * - The name “Fincch” is derived from **Fin**ancing **C**haritable **C**are **H**omes