

**£500 million
Secured Note Program listed
on the Irish Stock Exchange**

Programme Update

Introduction to Corporate Finance Bonds Ltd

CFBL was established in June 2015 and is the issuer of a £500m secured note programme launched on 21 June 2016. The Notes are issued in Series and seek to exploit the thriving asset backed lending market through Peer to Peer Corporate Lending. Notes are offered with a market competitive coupon in the range of 6% to 8% and so in the current low interest rate environment offer an exceptionally attractive opportunity for professional investors to secure yield with underlying asset security.

The programme is wholesale and can be marketed to professional advisers, institutions, or high net worth investors investing a minimum of £100,000.

It is approved by and listed on the Global Exchange Market of the Irish Stock Exchange. It is enabled through CREST, Euroclear and Clearstream.

The programme is asset backed, with loans made to a variety of businesses with security in the form of a registered debenture and/or other physical security or personal guarantees when the underwriting process suggests such other security to be prudent.

The operating costs of the Secured Note Programme are funded by an interest rate differential between the coupon paid to investors and the interest rate charged to borrowers and from arrangement fees.

These costs include underwriting loan applications, involving corporate due diligence, analysis of business plans and evaluation of relevant business sectors, sensitivity analysis on financial projections and potential for re-financing.

Individual Series are issued every 4 to 6 weeks with projected issuance in calendar year 2016 of £24m with anticipated issuance of £125m by end of 2017. Distribution support is secured by virtue of the Programme enjoying the following key benefits as a “mainstream asset” for regulatory purposes:

- Listed on a recognised HMRC approved exchange
- Enabled for electronic clearing through CREST, Euroclear and Clearstream
- Liquidity provided by secondary market managed by a panel of international stockbrokers
- Valuations through Bloomberg and Financial Express
- Diversification with a minimum of five assets held in each bond issuance

CFBL is a partner company within the SA Group.

Programme Update

Introduction

The Directors of CFBL are pleased to provide an update on the Secured Note Programme launched on 21 June 2016. Since launch, Series 1 to 6 have been launched raising circa £18m from institutional investors. Of these, Series 1 and 2 have been novated to Series 5 and 6, so there are in effect 4 Series in issue with obligations to investors for coupon payments and capital redemption at the end of their respective term.

In accord with the provisions of the Listing Particulars and the Supplementary Prospectus issued for each Series, the Note proceeds are lent by CFBL in the asset backed lending market to a minimum of five borrowers per Series (no one business may borrow more than 20% of the Note proceeds).

This provides investors in each Series with underlying diversification, an essential criteria for investment managers and other professional investors seeking to invest for yield with capital protection.

Such diversification can be further enhanced by investing in multiple Series (whether by way of Initial Offers or on the secondary market on a matched bargain basis), which commends the programme to long term allocations to the programme and its underlying Series.

Each Series is enabled for electronic clearing and settlement through Crest, Euroclear and Clearstream and so is suitable for global investors and their advisers seeking exposure to the bonds, predominantly investing in the UK property development, financial services, technology and professional services market.

The Directors of CFBL are structuring a number of business relationships

with investment platforms in the UK and internationally to better serve the professional investor market, comprising discretionary investment managers, financial advisers, stockbrokers and institutional investors.

In addition, CFBL is seeking to forge relationships with property developers and other businesses seeking capital and many professional investors seeking to invest in yield-bearing investments such as the Programme may also have clients and/or a professional network of potential borrowers.

Each Series issued under the Programme is governed by its own supplementary prospectus, so the terms of each offer – coupon, frequency, term, nature of the underlying security package with regards to type / industry / sector of borrower – can be tailored to market needs and indeed those of specific partners able to bring both capital investment and potential borrowers.

[This document provides an overview of each closed Series issued to date \[these being Series 3, 5 and 6 – Series 4 is seeking to raise £6m and still has capacity to accept further subscriptions as at the date of issue of this Update \(23 November 2016\)\].](#)

Our strategy

The bond securities focus on “real asset” backed transactions with stable, proven yields. The types of business that Corporate Finance Bonds seeks to lend to will generally fit the following criteria:

- European headquartered
- Management team with good track record in the relevant business sector
- High growth businesses with a focus on vertical integration of products and services or outsourcing - both proven techniques to ensure efficiency and cost management
- Demonstrable and verifiable clients and/or client acquisition models
- Scalable within UK and elsewhere through adoption of new business models and technology
- Real assets or accounts receivable to cover future debt obligations
- Fully articulated business plan supported by cash flow projections as to “affordability” of interest and capital repayment
- Clear positioning as “thought leader” in chosen business sector
- Diversified business model

In assessing the viability of lending the Directors of CFBL consider, amongst other factors, the following key financial metrics:

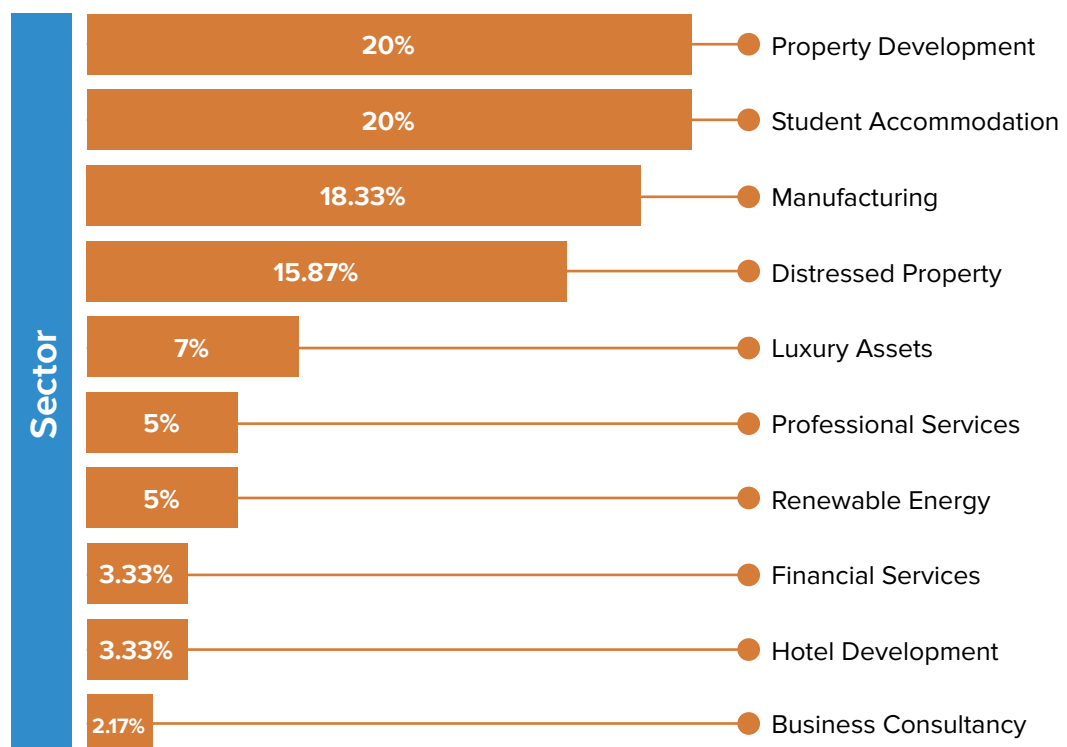
- Client retainers and contracted flows of new business
- Assets under management that generate long term dealing fees and commissions
- Alternative investment managers, platforms and service providers with long term income from assets managed
- Property investment companies and fund managers with portfolios of assets that generate long term contractual income or which can provide security
- Prospective rental income yields and appreciation in value of the underlying asset (such as property)
- Ease of re-financing debt with high street lenders (e.g. on completion of property projects)

Series 3

Summary Data

Series Number	3
Date of Issue	July 2016
Coupon	6.25%
Coupon due dates	July & January
Term	5 yrs
ISIN	GB00BYZZYP05
Total Subscriptions	£3,000,000

Security package for Series 3



All debt is secured by a debenture on all assets of each borrower. Each borrower has been charged an arrangement fee and the average interest rate terms the CFBL Note proceeds have been lent at is 9.5%. These terms provide sufficient initial profit and interest rate cover from lending activity to discharge fully coupon obligations, cover operating costs, provide a bad debts contingency and produce an operating profit for CFBL.

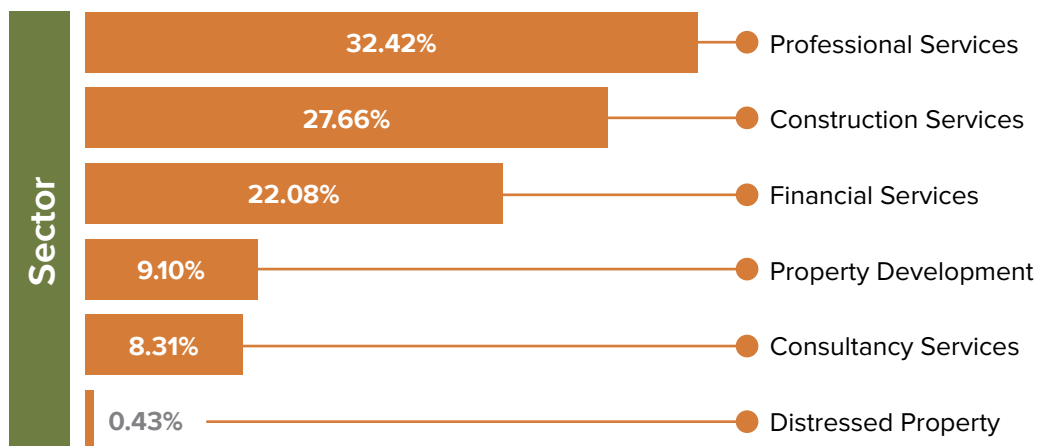
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Series 5

Summary Data

Series Number	5
Date of Issue	July 2016
Coupon	5.95%
Coupon due dates	February & August
Term	4.5 yrs
ISIN	GB00BD5NDM75
Total Subscriptions	£5,700,000

Security package for Series 5



All debt is secured by a debenture on all assets of each borrower. Each borrower has been charged an arrangement fee and the average interest rate terms the CFBL Note proceeds have been lent at is 8.5%. These terms provide sufficient initial profit and interest rate cover from lending activity to discharge fully coupon obligations, cover operating costs, provide a bad debts contingency and produce an operating profit for CFBL.

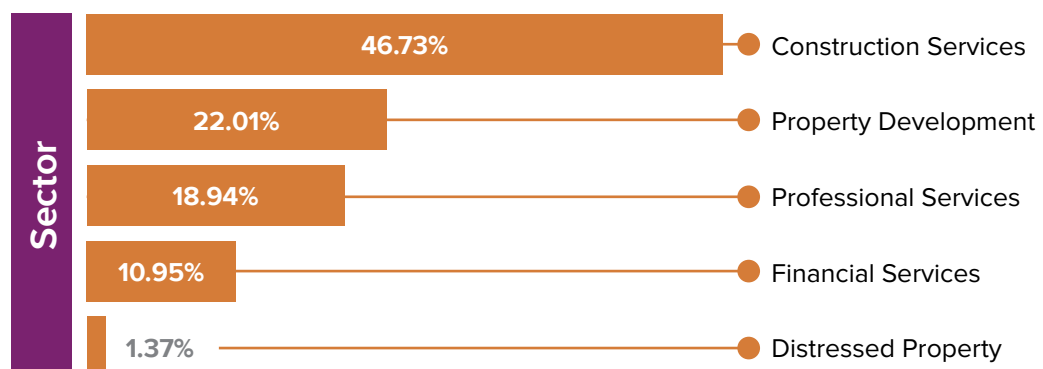
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Series 6

Summary Data

Series Number	6
Date of Issue	July 2016
Coupon	6.25%
Coupon due dates	February & August
Term	4.5 yrs
ISIN	GB00BD5NDF09
Total Subscriptions	£3,600,000

Security package for Series 6



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IMPORTANT NOTICE

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