COMMUNITY MUNICIPAL INVESTMENT

5 year climate bonds offering
1.2% interest per year before tax*

This document is an offer to subscribe for tradeable climate bonds issued by West Berkshire District Council (also known as West Berkshire Council), to raise up to £1,000,000 to help finance its Environment Strategy

16 JULY 2020

*See pages 5 and 6 for more detail on key terms and how the investment works
This document is an offer to subscribe for bonds issued by West Berkshire District Council to raise up to £1,000,000

This Offer Document has been prepared by West Berkshire District Council (also known as West Berkshire Council), the issuer of the bonds (“West Berkshire District Council”, “Issuer”, “we” or “us”). It has been approved as a financial promotion for the purpose of the Financial Services and Markets Act 2000 (“FSMA”) and FCA Rules by Abundance Investment Ltd (“Abundance”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) under number 525432 and whose full details are given in the section entitled ‘Service Providers’.

The role of Abundance is to facilitate the issue of the bonds and to provide a platform for investing in them. It is not advising you as to the merits of or making a personal recommendation to you in relation to investing in the bonds. You should consider carefully whether an investment in the bonds is suitable for you in the light of your own personal, financial and tax circumstances. You should consider carefully all the information set out in this Offer Document including the information set out in ‘Risks’ on pages 12 to 15. The value of investments can go down as well as up and you may not get back the money you originally invested or make any return on your investment. Any forecasts, estimates and projections are not a reliable indicator of these matters and may be impacted by various factors – see ‘Risks’ on pages 12 to 15.

If you are in any doubt as to any aspect of investing in the bonds, including any accounting or tax issues, you should seek independent advice from an FCA-authorised person who has experience in advising on investments such as these. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.

This Offer Document is not a prospectus for the purposes of Part VI of FSMA. It has not been approved by the FCA or any other regulator. The bonds have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

Investment in the bonds is available only to members of Abundance and in accordance with its Terms and Conditions at www.abundanceinvestment.com. This Offer Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any country or jurisdiction where such offer or solicitation would be unlawful and is not, in particular, for distribution in the United States of America (“US”). The bonds have not been and will not be registered under the applicable securities laws of the US and are not being made available to US Persons as defined in the Abundance Terms and Conditions and this includes citizens of the US wherever resident. We may redeem any bond held by Restricted Persons as defined in the bond instrument (as set out on pages 20-37 of this document and referred to herein as the ‘Bond Instrument’) which includes any persons ineligible to hold the bonds because of relevant legal, regulatory or tax restrictions.
Foreword by Councillor Ross Mackinnon
(Inventory Holder for Finance, Property and Economic Development)

On behalf of West Berkshire District Council, I am delighted to launch our first Community Municipal Investment, which offers people and our residents the opportunity to invest directly in the Council to help fund green energy capital projects. The Council is seeking to raise up to £1 million to fund the installation of solar panels on council owned buildings around West Berkshire, to help deliver our ambitious plans to become carbon neutral by 2030 – 20 years ahead of the UK Government’s target.

Last year, the Council published its plans to lead the transition to a greener future for local residents and businesses. After extensive local consultation and discussion, I am very pleased to announce that today the Council is also launching its Environment Strategy. Its key themes are sustainable transport, buildings, energy, waste and resource efficiency, and the natural environment. The first projects to be delivered as part of the Strategy are:

• Installing solar panels on council buildings – which this Community Municipal Investment will support. West Berkshire has an installed capacity of 34.2 MW of renewable energy, almost all of it from solar power. We aim to deliver an additional 21.5 MW of renewable energy through council projects (double our own usage), and to encourage residents to generate another 20 MW.

• A carbon audit to better understand the scale of the challenge and be better placed to become carbon neutral by 2030. Results of this are expected soon.

• More electric vehicle charging points throughout the district. Over 100 have already been installed, and 36 are being delivered to residential streets in Hungerford and Newbury.

This scheme also supports our Covid-19 Recovery Strategy where one of the key themes is an environmentally focussed renewal. The launch of this Community Municipal Investment will help deliver this and also enhance our engagement with our residents which is another key action for us as we recover from the Covid-19 outbreak.

The Council is launching this Community Municipal Investment by way of an issue of bonds offered directly to the public. It is a unique way to invest in West Berkshire. It provides the opportunity for residents’ money to be put directly to work where it will make a positive contribution toward our carbon neutral target while providing them with a financial return and deeper engagement with our environmental objectives. In doing so, it also provides the Council with a cheaper alternative to conventional sources of funds through an efficient crowdfunding model, reducing the overall cost of borrowing to all taxpayers across the district.

I am very pleased to be able to bring you this brand new low risk way to invest to support our Environment Strategy; the result of four years of research and development. As a first of its kind and part of a wider pilot being delivered in partnership with Abundance Investment and SocialRes (EU Horizon 2020 project), I am very interested to see what happens in the coming months and the level of investment take up. As a local authority, the Council wants to understand the outcomes achieved by raising capital in this way, so that it and other local authorities can take forward the learning to future opportunities and build on the successes – we will be helped in this through an external review by SocialRes and the Financing for Society project out of the University of Leeds, which will also perform a similar exercise for the others in this pilot.

The Council believes that Community Municipal Investments can really supercharge the local green economy, so that it can build the resilient, sustainable communities it needs for the future. The Council plans to issue a number of Community Municipal Investments over the coming years to help fund our ambitious plans and inspire our residents.

Environment Strategy
https://info.westberks.gov.uk/article/36646
Covid-19 Recovery Strategy
Community Municipal Investment

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How we will spend the money we raise from you and key terms of the investment

West Berkshire District Council intends to invest over £1 million in solar power projects amongst other schemes. The first phase of solar panels will be installed at the following council owned sites:

- A storage building at Greenham Common, an important open space for local people
- Our own offices at Market Street in Newbury
- The Phoenix Resource Centre in Newbury, which provides services for adults with learning disabilities, physical disabilities, frailty and dementia
- Schools in Aldermaston and Burghfield Common
- Willink Leisure Centre at Burghfield Common

The first phase of the solar power scheme is on track to be completed this summer, which will be an important stepping stone to becoming carbon neutral.

Money raised from this Community Municipal Investment will go towards the cost of this scheme and potentially other capital projects which support our Environment Strategy. This will help us achieve our plans to increase the use of renewable energy at a cost that provides value for money.

Key terms of the investment

<table>
<thead>
<tr>
<th>Key terms of the investment</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment method</td>
<td>Annuity bond – semi-annual cash returns (capital and interest)</td>
</tr>
<tr>
<td>Bond subscription opening date</td>
<td>16 July 2020</td>
</tr>
<tr>
<td>Bond subscription closing date</td>
<td>15 September plus 1 month extension to 15 October 2020</td>
</tr>
<tr>
<td>Target Amount</td>
<td>£1,000,000</td>
</tr>
<tr>
<td>Minimum Threshold</td>
<td>£50,000 – this is the minimum amount of money to be raised by us for the issue of these bonds to proceed</td>
</tr>
<tr>
<td>Initial Interest Period</td>
<td>This will start on the date the Minimum Threshold is reached to 15 October 2020</td>
</tr>
<tr>
<td>Cash Returns</td>
<td>10 semi-annual cash returns comprised of interest and capital</td>
</tr>
<tr>
<td>Interest start date</td>
<td>Investors will earn interest from the date the Minimum Threshold is reached or the date of their subscription, whichever comes later</td>
</tr>
<tr>
<td>Initial Interest Period payment date</td>
<td>31 October 2020</td>
</tr>
<tr>
<td>Cash Return payment dates</td>
<td>15 April and 15 October each year, starting 15 April 2021</td>
</tr>
<tr>
<td>Term period of the bonds</td>
<td>5 years after the start of the first Cash Return period (16 October 2020)</td>
</tr>
<tr>
<td>Maturity date</td>
<td>15 October 2025</td>
</tr>
<tr>
<td>Interest paid by us to you</td>
<td>1.2%</td>
</tr>
<tr>
<td>Arrangement fee paid to Abundance</td>
<td>0.19% of total amount raised</td>
</tr>
<tr>
<td>Can we repay you early?</td>
<td>Yes. We can repay early on any Cash Return payment date. An early redemption fee equal to 1 months' interest will apply. See also Early Redemption in Bond Instrument*, clause 14, page 26</td>
</tr>
</tbody>
</table>

* The Bond Instrument is the legal agreement that defines the terms of the investment and can be found at the rear of this document
How the investment works and your returns over time

Your interest and repayment of your capital
Subscribing for our bonds will entitle you to receive interest of 1.2% a year, paid on an annuity basis as described in the following sentences. Every 6 months, you will receive a cash return comprised of interest and a repayment of your capital, 10 cash returns in total. Each cash return will be the same total amount (based on the number of days in the period) but the split between interest and capital will shift over time – see the table for a worked example assuming an investment of £1,000. The interest is calculated based on the outstanding amount of your capital at the beginning of that year. This is the same way many mortgage payments are calculated.

The first cash return, representing the period from 16 October 2020 to 15 April 2021 will be paid on 15 April 2021. Subsequent cash returns will be paid on 15 October and 15 April each year until maturity on 15 October 2025 when the final instalment of your capital will be repaid and the investment ends.

Initial Interest Period – from the date the Minimum Threshold is reached until and including 15 October 2020
You will also be entitled to receive interest before the start of the first cash return period on 16 October 2020. As soon as the Minimum Threshold of £50,000 is reached and this issue of bonds is therefore going ahead, investors who have subscribed will start to accrue interest at the same rate of 1.2% a year from that day. If you subscribe after the date the Minimum Threshold is reached, you will earn interest from the day you subscribe. The period between the date the Minimum Threshold is reached and the 15 October 2020 is the Initial Interest Period.

Your illustrative returns over time if you invested £1,000 – these are shown before tax and before deduction of withholding tax at 20%

<table>
<thead>
<tr>
<th>Period</th>
<th>Payment date</th>
<th>Days in period</th>
<th>Interest calculation</th>
<th>Interest payment</th>
<th>Capital repayment*</th>
<th>Total payment</th>
<th>Balance after capital repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>31 Oct 2020</td>
<td>30**</td>
<td>1,000 * 1.2% * (30/365)</td>
<td>£0.99</td>
<td>£0.00</td>
<td>£0.99</td>
<td>£1,000.00</td>
</tr>
<tr>
<td>1</td>
<td>15 Apr 2021</td>
<td>182</td>
<td>1,000 * 1.2% * (182/365)</td>
<td>£5.98</td>
<td>£97.33</td>
<td>£103.31</td>
<td>£902.67</td>
</tr>
<tr>
<td>2</td>
<td>15 Oct 2021</td>
<td>183</td>
<td>902.67 * 1.2% * (183/365)</td>
<td>£5.43</td>
<td>£97.91</td>
<td>£103.34</td>
<td>£804.76</td>
</tr>
<tr>
<td>3</td>
<td>15 Apr 2022</td>
<td>182</td>
<td>804.76 * 1.2% * (182/365)</td>
<td>£4.81</td>
<td>£98.50</td>
<td>£103.31</td>
<td>£706.26</td>
</tr>
<tr>
<td>4</td>
<td>15 Oct 2022</td>
<td>183</td>
<td>706.26 * 1.2% * (183/365)</td>
<td>£4.24</td>
<td>£99.09</td>
<td>£103.33</td>
<td>£607.16</td>
</tr>
<tr>
<td>5</td>
<td>15 Apr 2023</td>
<td>182</td>
<td>607.16 * 1.2% * (182/365)</td>
<td>£3.63</td>
<td>£99.69</td>
<td>£103.32</td>
<td>£507.48</td>
</tr>
<tr>
<td>6</td>
<td>15 Oct 2023</td>
<td>183</td>
<td>507.48 * 1.2% * (183/365)</td>
<td>£3.05</td>
<td>£100.28</td>
<td>£103.33</td>
<td>£407.19</td>
</tr>
<tr>
<td>7</td>
<td>15 Apr 2024</td>
<td>183</td>
<td>407.19 * 1.2% * (183/365)</td>
<td>£2.44</td>
<td>£100.89</td>
<td>£103.33</td>
<td>£306.31</td>
</tr>
<tr>
<td>8</td>
<td>15 Oct 2024</td>
<td>183</td>
<td>306.31 * 1.2% * (183/365)</td>
<td>£1.84</td>
<td>£101.49</td>
<td>£103.33</td>
<td>£204.81</td>
</tr>
<tr>
<td>9</td>
<td>15 Apr 2025</td>
<td>182</td>
<td>204.81 * 1.2% * (182/365)</td>
<td>£1.22</td>
<td>£102.10</td>
<td>£103.32</td>
<td>£102.72</td>
</tr>
<tr>
<td>10</td>
<td>15 Oct 2025</td>
<td>183</td>
<td>102.72 * 1.2% * (183/365)</td>
<td>£0.61</td>
<td>£102.72</td>
<td>£103.33</td>
<td>£0.00</td>
</tr>
</tbody>
</table>

£34.24  £1,000.00  £1,034.24

* The capital repayment amounts are calculated by an annuity curve which means that the total money returned to investors (interest and capital) is the same each year. Note that there is a very slight difference because interest is calculated on the balance brought forward and the days in a period (so you earn more interest in a leap year, for example).

** Assumes investment is made 30 days before 15 October 2020
As part of the Council's Environment Strategy we will install solar panels on council buildings – which this Community Municipal Investment will support. West Berkshire has an installed capacity of 34.2 MW of renewable energy, almost all of it from solar power. We aim to deliver an additional 21.5 MW of renewable energy through council projects (double our own usage), and to encourage residents to generate another 20 MW.

Councillor Ross Mackinnon
West Berkshire District Council is the statutory corporation and unitary local authority for the governance and provision of local government services to West Berkshire.

West Berkshire is located within the South East of England, with a population of approximately 160,000 and covering an area of around 272 square miles. It is one of the largest economies in England with particular strengths in the financial and technology sectors. The district is an important centre for horse racing and continues to host nuclear and defence industries. West Berkshire’s employment rate and level of wages is higher than the UK average with a diverse economy and productive working population.

The Council is responsible for providing all statutory local authority services in West Berkshire. These services include: rubbish and recycling; planning and building control solutions; roads, transport and parking; care and housing; tax and benefits; consumer and environmental protection; leisure, parks and countryside; and, schools, learning and libraries.

**West Berkshire District Council governance**

We operate a leader and cabinet executive as defined under Section 11 of the Local Government Act 2000. This Act dictates the functions and procedures of local authorities, including how our activities are governed.

We have 43 elected councillors (covering 24 electoral wards). Currently, the Council is composed of 24 Conservative, 16 Liberal Democrat and 3 Green Party councillors. Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, although they have a special duty to their constituents. Councillors must agree to follow our Code of Conduct to ensure high standards in the way they undertake their duties.

All of our councillors meet together as ‘the Council’ and these meetings are normally open to the public. Here, councillors decide the Council’s overall policies and set the budget each year. The Council is responsible for electing the Executive Leader and is ultimately responsible for holding the Executive to account. Our Leader, Lynne Doherty, was elected from the majority political party, the Conservative party.

The Executive is the part of the Council which is responsible for most day to day decisions. It is made up of the Leader and up to 9 Councillors who the Leader appoints annually from the ruling political party. The Leader chairs the meetings. The other Executive members (or Portfolio Holders as they are sometimes called) each have a responsibility for a particular area (portfolio). The 9 portfolios are: finance and economic development; environment; adult social care; planning and housing; leader and district strategy and communications; transport and countryside; internal governance; public health & community wellbeing; and, leisure and culture.

The Executive meets in public usually every 6 weeks. Although the majority of decisions are made in public, some items may need to be discussed in private (these are known as Part II Exempt Items or confidential items). The Executive is responsible for decisions that affect 2 or more wards and decisions that will have a significant impact on the Council’s budget. The Executive has to make decisions which are in line with the Council’s overall policies and budget. If it wishes to make a decision which is outside the Budget and Policy Framework, this must be referred to the Council as a whole to decide.

The Council has people working for it (called ‘officers’) to give advice, implement decisions and manage the day-to-day delivery of its services. Some of the officers have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A code of practice governs the relationships between officers and members of the Council.

The most senior officer employed by the Council is the Chief Executive, Nick Carter, who is supported by three Executive Directors. The three Executive Directors – Andy Sharp, John Ashworth and Joseph Holmes – are responsible for Communities (People), the Economy and Environment (Place) and Resources (Support) respectively. Each Executive member and key officers have responsibility for particular services and are given delegated authority to take decisions regarding certain matters.

We have produced a Constitution which sets out in detail how we operate, how decisions are made and the procedures which are followed to ensure that these decisions are efficient, transparent and accountable to local people.
The Issuer – West Berkshire District Council

Treasury governance
Our Treasury department is led by Executive Director for Resources, Joseph Holmes. Joseph is also the Section 151 Officer. A Section 151 Officer is the financial officer of a council and is responsible for the proper administration of its financial affairs – this is a statutory requirement of all local authorities. The Executive Portfolio Holder for Finance and Economic Development, Councillor Ross Mackinnon, is the lead member with responsibility for finance including Treasury Management.

We have adopted the Chartered Institute of Public Finance and Accountancy’s (“CIPFA”) code of practice for Treasury Management to control key financial risks. Wherever possible we aim to fund any necessary capital investment from internal sources of funding, such as council tax and business rates. Where this is not possible and we need to borrow money to fund capital expenditure, our ability to repay the money and the cost of doing so must be taken into account.

We issue a Medium Term Financial Strategy (“MTFS”), which is a rolling 3 year strategy that is built to ensure that the financial resources are available to deliver it. The aim of the MTFS is to:

1. Allocate our available resources focusing on those determined as most critical in supporting our priorities and statutory responsibilities
2. Ensure that capital investment is affordable
3. Ensure that the Council has sufficient levels of reserves.

The most recent Treasury Management Strategy and budgetary papers were approved by the Full Council in March 2020.

Treasury Management Strategy and budgetary papers
http://decisionmaking.westberks.gov.uk/ieListDocuments.aspx?CId=116&MId=5160&Ver=4

Shaw House is an important example of an early symmetrical H-plan Elizabethan mansion and West Berkshire’s unique conference, meeting and event venue
Money raised from these bonds will be allocated specifically to capital projects that go towards delivering the Environment Strategy, principally the installation of solar panels. We will manage the allocation of cash realised from the money raised from the bonds alongside other forms of capital such as: Council reserves; grants from central government; borrowings from the Public Works Loan Board and other debt providers; and, trading and investment income.

The solar panels, once installed, will realise additional revenue to the Council from (1) the sale of surplus electricity to the grid, and (2) the Smart Export Guarantee.* There will also be commensurate reductions in energy costs to us from the use of electricity created by the solar scheme. These revenues and savings offer sources of revenue which we will benefit from and such revenues and savings will create additional funds for us that will strengthen our ability to repay bond investors.

We are obliged to pay interest due on the bonds and make repayments of the capital on the prescribed dates from whatever sources of cash we have at the time and irrespective of how the solar panels perform. Should our financial health deteriorate in the future and where our borrowing costs exceed our ability to pay them, the relevant financial officer within the Council (in our case the Section 151 Officer) or central government can take control of our finances. Our debt obligations are explained in more detail in the Risks section, pages 12 to 13.

*The Smart Export Guarantee is an obligation set by the government for licensed electricity suppliers to offer a tariff and make payment to small scale low carbon generators for electricity exported to the National Grid. Installations must be in Great Britain and the scheme is applicable to a number of technology types with up to 5 MW generating capacity, including solar power.
As part of the Council’s Environment Strategy we will deliver a carbon audit to better understand the scale of the challenge and be better placed to become carbon neutral by 2030. Results of this are expected soon.

Councillor Ross Mackinnon
We believe that the following factors may affect our ability to fulfil our obligations under the terms of the bonds. We cannot set out all the risks that may be involved in an investment in the bonds but present what we think are the most significant in this section. This list is therefore considered to include the main risks anticipated but is not exhaustive and unforeseen risks may emerge during the life of the bonds. Risks may detrimentally affect our financial condition and hinder our ability to pay interest and repay principal as it is due under the terms of the bonds. Although we have little control over some of these risks, our ability to mitigate risk to your investment is done by how we manage our financial affairs and our work overall.

You should consider whether the bonds are a suitable investment for you in the light of your own personal circumstances and take advice as necessary. Historically, local authorities have an exceptionally good record of meeting their debt obligations – however, we can never guarantee that you will receive any interest or that your capital (i.e. the money you have invested under the bond) will be returned.

As a potential investor, you should consider these risks as well as information elsewhere in this offer document and the Bond Instrument itself before deciding whether or not to invest in the bonds.

Risks

Risks of investing in a local authority

Liability of the Council as Issuer under the terms of the bonds

The bonds will only be an obligation of the Council as the Issuer. No bond will be an obligation of, nor guaranteed by, Her Majesty’s Treasury (“HM Treasury”) or any other department or agency of the Government of the United Kingdom (the “UK Government”). No person other than us will accept any liability whatsoever should we fail to discharge our obligations under the terms of the Bond Instrument.

Investors should also note that the Council as a local authority cannot legally grant security over its assets generally, nor their related revenues.

Our revenues and risk to repayment

We have revenues from various sources which we expect to use to pay your interest and repay the capital you have invested. However, should any of these revenue sources be negatively affected or decline, it may impact our ability to make these payments to you. The source of revenues and risks relating to them are as follows:

• Council Tax raised within our jurisdiction: Council Tax is set locally by us but is subject to UK Government policies. There is therefore a risk that the funding that we can raise from Council Tax may be capped, frozen, reduced or offset by reductions in grants, any of which may adversely affect our financial condition;

• Business Rates raised within our jurisdiction: Business Rates are set centrally and our revenue from them depends upon the ability of businesses to pay them;

• Fees and charges raised locally for services we provide: Fees and charges such as income from car parking, cultural facilities, etc. may vary due to general economic conditions, competition from other sources and for other reasons. There is a risk therefore that changes over time adversely affect our financial condition;

• Grants from departments or agencies of the UK Government: Grants from departments or agencies of the UK Government are determined at spending reviews and are subject to government policy, its fiscal (“tax and spend”) policies and its own ability to raise funding. There is a risk therefore that changes over time adversely affect our financial condition;

• Other borrowing, including from, amongst others, Public Works Loan Board (“PWLB”) – itself part of HM Treasury: We also borrow money from the PWLB as loans – all of which are debt obligations equal in priority of repayment with bonds issued under the terms of the Bond Instrument. There is a risk therefore that changes in the amount and cost of such borrowing in the future may reduce the money that we have available to service these bonds.

• Trading and investment income: Income from trading and investments may vary due to changes in economic conditions. Though a smaller part of our funding, there is a risk therefore that changes over time adversely affect our financial condition.
The Covid-19 pandemic has had financial implications for some businesses and residents, meaning that they have been unable to pay Council Tax or Business Rates. We have also seen a reduction in income from fees and charges for local services. The Government has provided us with grant funding to assist the response to the outbreak of £7.6 million (as at the end of June 2020). This has helped enable us to support the response to the outbreak and has not had an impact on the day to day services provided by the Council.

Overall, we continue to work toward our district prospering economically and socially.

**Council insolvency**

We could become insolvent in a general sense in that our liabilities, such as our borrowings, exceed our assets and revenues and this may prevent or delay payment of your interest and capital.

In managing our financial affairs, the Local Government Act 2003 provides the framework for how all councils manage their finances and stipulates that each must plan for a balanced budget and undertake an annual audit. It is illegal for us to not do so. The Act also stipulates that borrowing must be affordable and that, should a local authority be borrowing beyond its means, then central government can step in. Local authority finance officers must work in accordance with the Prudential Code of the Chartered Institute of Public Finance and Accounting which stipulates that all such borrowing must be “sustainable, prudent and affordable.”

It is unlawful for the Council to spend more than we can afford and if we were to do so, we would face what is known as an unlawful overspend. If we were to run into financial difficulties in this manner, there are statutory provisions that allow the relevant financial officer or central government to step in and take control of the local authority until it is returned to a financially stable position. These statutory provisions are included within the Local Government Finance Act 1988 and include a requirement for a council’s section 151 officer (chief financial officer) to issue a Section 114 notice if it is of the view that the Council cannot maintain or set a balanced budget. By issuing a Section 114 notice the council’s chief financial officer takes full control of council spending and therefore can make rapid cuts to non-statutory spend in order to return the council to a balanced budget. Once the notice is issued all further expenditure must have the direct consent of the finance officer.

Normal insolvency proceedings (such as winding-up, bankruptcy or administration) do not apply to local authorities in England and Wales so we cannot (unlike an individual or company) be declared bankrupt and then avoid repaying our debts. In the unlikely event we default on our debt obligations to you, a lender to a local authority generally has two principal options available to recover its debt:

- First, there are the general legal debt collection remedies available to creditors, including obtaining and enforcing a money judgment through the Courts; and
- Second, it is possible to seek the appointment of a receiver under a special procedure which applies only to local authorities under Section 13(5) of the Local Government Act 2003. If a lender is owed £10,000 or more by a local authority, and this has remained unpaid for 2 months following written demand for repayment, that lender can apply to the High Court for a receiver to be appointed. The High Court will then decide whether or not to appoint a receiver and what powers the receiver should have. The receiver can be given powers (for example) to collect revenues or council tax in order to repay debts.

This may impact Abundance bondholders as follows.

If the necessary proportion of bondholders (including one or more bondholders who are owed more than £10,000) instructed Abundance to do so (see ‘Role of Abundance’ at pages 17 and 18) Abundance may co-ordinate the making of such an application on behalf of bondholders to the High Court.

However, it will always be in the High Court’s discretion to decide whether to appoint a receiver – there is absolutely no certainty that such an appointment of a receiver would be made by the High Court or the precise powers the receiver would have. Were the High Court to decide to appoint a receiver, it is likely that all money collected by the receiver would need to be distributed amongst all lenders to that local authority in proportion to their debt(s) i.e. not just to repay the debts of those lenders who have made the application to appoint the receiver but proportionately among all the local authority’s debtors. This would also mean that any money available to bondholders would be shared in proportion to their bond holdings.
Risks

Investment risks

Financial Services Compensation Scheme

The bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). This means if we do not fulfil the terms of the bonds there is no right to complain to FOS or to get compensation from FSCS. Abundance is authorised and regulated by the FCA for the services it provides and any rights to complain to FOS and / or FSCS are detailed in its Terms and Conditions which are available at www.abundanceinvestment.com but this does not mean you can complain to the FOS or FSCS simply because we are unable to make payments under the bonds or we are late in doing so.

Liquidity

You should expect to hold the bonds for their full life to maturity. Although they are transferable, the bonds may not be easy to sell quickly or to sell at their original value. Therefore, you should consider what is the right amount for you given your own circumstances. There is no regulated market for the bonds and, therefore, opportunities to sell them are limited. Abundance provides a Marketplace on its platform where you can find potential buyers, but this is informal and it is not like a stock exchange or other regulated market.

You may not be able to sell your bonds immediately or at all if there are no interested buyers. The amount you receive back will depend on what someone is willing to pay for your bonds.

If you are forced to sell your bonds in a hurry, if interest rates have changed over time or your bonds have performed poorly, you may not get back all of the money you invested.

Market interest rate changes

Although you should expect to hold the bonds to maturity, if you do wish to sell them then a change in market interest rates may affect your ability to do so and the price you might receive. The wider market interest rate may go up and down over the term of your bonds and this can affect the price another investor would be willing to pay if better rates for products with similar features and risk profile are available elsewhere.

If market interest rates have risen for other similar investments, it could reduce the value of your bonds and you may not get back all of the money you invested if you need to sell it via the Abundance Marketplace. This is because investors may want to pay less for your bonds in order to receive an effective rate of return on their investment which matches the current market rate. Conversely, if interest rates fall you may be able to sell your bonds for more than you paid.

The longer the outstanding term period on your bonds, the greater the impact a change of interest rate will have on the value of your bonds. You can learn more about the effect of a change in market interest rates in the Abundance Help Centre.

Abundance Help Centre

Abundance goes out of business

Abundance is the registrar and agent for these bonds. This means Abundance administers the bonds including the repayment of capital and interest from us to investors. There is a risk that the administration of your bonds could be disrupted if Abundance became insolvent.

Abundance has a business continuity policy in place that sets out how Abundance would manage the orderly wind down of its business using its ongoing revenues and reserve capital to mitigate any impact to investors and the investments they have made. As a firm regulated by the FCA, the business continuity policy must demonstrate how Abundance ensures the bonds are administered to their full term which may include transferring the administration of the bonds to a third party. Abundance is required to hold an amount of capital in reserve to support the orderly wind down of the business. In addition, in the event that Abundance was unable to conduct an orderly wind down itself, Abundance has contracted the global restructuring firm RSM UK to step in and administer the outstanding investments.

It is important to be aware that in a wind down situation the services offered by Abundance may be reduced which may therefore limit your ability to sell your bonds. In some situations, the Marketplace may close which would restrict the liquidity of your investment significantly.
Risks

General risks

Political risk
The Issuer is subject to funding, direction and scrutiny by the UK Government. As the UK Government acts at the behest of Parliament which is the sovereign authority, there is a risk that changes in the UK Government may result in legal, regulatory or funding changes that adversely affect our financial condition and/or our ability to meet our obligations under the terms of the Bond Instrument.

Change in law
The structure of this offer of bonds and the attached Bond Instrument is based upon English law as existing at the date of this Offer Document. There can be no guarantee that English law, or the interpretation of it, may not change in the future in such a way that our ability to meet our obligations under the terms of the Bond Instrument is not hindered.

Re-organisation of local government
The Issuer is a statutory body established under law. Local government in the UK has been reorganised on a number of occasions in the past and it is possible that this could happen again before the bonds’ Maturity Date. Should such an event involve us then our assets and liabilities would be assumed by a successor. Though it is likely that this would be done fairly and our creditors be treated fairly, there is a risk that the successor body may not be as well positioned to meet the obligations under the terms of the Bond Instrument.

Economic environment
There is a risk that changes in economic conditions at local, national or international levels may affect our revenue, assets or liabilities and render us less able to meet our obligations under the terms of the Bond Instrument.

Furthermore, there is a risk that the ability of a bond holder to sell bonds may be reduced due to such changes in economic conditions which could affect the demand from potential buyers to purchase the bonds.

Other borrowing of the Issuer
We have other borrowing that we are obligated to repay. All debt is treated and charged against our revenues equally, so any changes in the amount and cost of such borrowing in the future may reduce the money available to service these bonds.
As part of the Council’s Environment Strategy we will install more electric vehicle charging points throughout the district. Over 100 have already been installed, and 36 are being delivered to residential streets in Hungerford and Newbury.

Councillor Ross Mackinnon
How to subscribe and the role of Abundance

How to subscribe
If you have not already, you will need to create an online account on Abundance and set up a portfolio, for example a Standard or SIPP Portfolio (Abundance will perform identity checks on new accounts). You will then be able to subscribe for bonds using cash in your Abundance account. Details of how to deposit cash are provided on the Abundance website.

If you subscribe, you acknowledge that:

• you have read and understood this Offer Document, including the risk factors associated with any investment in the bonds on pages 12 to 15
• all the relevant details of the offer are set out in this Offer Document, the Bond Instrument and that no one else is authorised to make any other statements about the terms of the offer or the bonds
• you are not relying on any statements other than those in this Offer Document or as approved by Abundance
• your holding of bonds is subject to the Abundance Terms & Conditions found on the Abundance website.

This offer will close on the Closing Date which is the earlier of: (i) midnight on 15 September 2020 (unless extended by us for up to 1 month); or (ii) once we confirm valid subscriptions and alternate funding on terms that are not detrimental to bond investors totalling the Target Amount, have been received.

Subscriptions will be taken on a first come, first served basis. Your subscription will not be confirmed until the Minimum Threshold has been reached.

Role of Abundance
Abundance will act as Agent for bondholders in accordance with the Abundance Terms & Conditions on the Abundance website and any special rules which apply to these bonds. The role of the Agent is primarily an administrative one, intended to facilitate the exercise of rights by bondholders.

Some important decisions in relation to the bonds must usually be made by, or on the direction of, bondholders – this is described in more detail as ‘Meetings and Investor Democracy’ in clause 3.10 of, and the Schedule to, the Terms & Conditions. As Agent, Abundance, and in some cases bondholders, can call meetings to vote on important issues.

You will not be able to take any action by yourself to enforce payment under the bonds – this will depend on the Voting and Investor Democracy terms detailed in the Terms & Conditions.

Some particularly important issues will require a Special Resolution, which means one passed with the Instrument of the holders of 75% of principal of the bonds. Others may need an Ordinary Resolution (i.e. one agreed to by the holders of more than 50% of the principal of the bonds). There may be some other issues where a different majority is specified. For example, calling an Event of Default can be instigated by either bondholders of at least 25% of principal of the bonds or a Special Resolution.

Abundance website https://www.abundanceinvestment.com
How to subscribe and the role of Abundance

The following is a broad summary only of the types of resolution required in this case under the Bond Instrument. This summary does not cover every situation – you should look carefully at the Bond Instrument and other related documents to understand their full terms; such documents also override this summary or the Terms & Conditions if there is any inconsistency.

<table>
<thead>
<tr>
<th>Action</th>
<th>Relevant instruction or resolution threshold</th>
<th>Relevant document &amp; clause reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calling a meeting of Holders</td>
<td>Holders of at least 10% of principal of the bonds, the Issuer or the Agent</td>
<td>Terms &amp; Conditions, Schedule, Para 5.6</td>
</tr>
<tr>
<td>Calling an Event of Default</td>
<td>Holders of at least 25% of principal of the bonds or by Special Resolution</td>
<td>Bond Instrument, Clause 17.3</td>
</tr>
<tr>
<td>Waiving or consenting to an Event of Default</td>
<td>Special Resolution of all bonds</td>
<td>Terms &amp; Conditions, Schedule, Para 6.3</td>
</tr>
<tr>
<td>Quorum for Special Resolution</td>
<td>Holders representing at least 51% of principal of the bonds – note, lower quorum thresholds apply in the case that a meeting called by the Issuer or the Agent is adjourned</td>
<td>Terms &amp; Conditions, Schedule, Paras 5.8 and 5.9</td>
</tr>
<tr>
<td>Quorum for Ordinary Resolution</td>
<td>Holders representing more than 10% of principal of the bonds</td>
<td>Terms &amp; Conditions, Schedule, Para 5.8</td>
</tr>
<tr>
<td>Voting on Special Resolution</td>
<td>Holders representing at least 75% of principal of the bonds</td>
<td>Terms &amp; Conditions, Schedule, Para 6.5</td>
</tr>
<tr>
<td>Voting on Ordinary Resolution</td>
<td>Holders representing more than 50% of principal of the bonds</td>
<td>Terms &amp; Conditions, Schedule, Para 6.5</td>
</tr>
</tbody>
</table>
Your questions answered

How do I receive my Cash Returns?
Cash Returns are paid into your Abundance account. You will be able to withdraw funds to your nominated bank account from within your Abundance account. The amount and timing of such Cash Returns are presented in Schedule 7 of the attached Bond Instrument.

How are the bonds treated for tax purposes?
The interest payments will be treated as interest for tax purposes. We are required under UK law to withhold 20% of the interest we pay which is paid directly to HMRC, unless Abundance confirm to us that your bonds are held in a SIPP or we are satisfied some other exemption applies. Most people can earn some interest from their savings without paying tax so it may be possible to reclaim tax deducted. You can find more details of how your interest will be taxed on the Abundance website in the Help Centre. You should seek independent advice if you are not clear or have any questions regarding how your interest will be taxed.

How do I keep track of my bonds?
Your Abundance account is where you will find all the information about your investment and its ongoing performance. Within your account you will be able to find a copy of this Offer Document, your tax statement and any ongoing information we provide to investors. The listing of your Bond holding in your Abundance account represents your electronic confirmation and certificate of ownership.

Can I hold the bonds in an ISA?
No, investments issued by a local authority are not currently eligible to be held within an ISA.

Can I hold the bonds in a SIPP?
Yes, if you wish to hold bonds in a SIPP, you will need to check with your SIPP provider whether or not they can accommodate them and take your own independent tax advice on their inclusion. Abundance has its own SIPP offering, the Abundance Pension, in conjunction with Gaudi Regulated Services Ltd. More information on the Abundance Pension and the fees for opening one can be found on the Abundance website, www.abundanceinvestment.com.

What charges are there for an investor?
There are no charges for opening an account on Abundance or holding the bonds. There are no charges for buying or selling the bonds on Abundance’s Marketplace.

How do I sell?
Bonds are transferable in accordance with the Abundance Terms & Conditions and can be sold to existing Abundance members and anyone eligible to become a member of Abundance. Sellers can find potential buyers on Abundance’s Marketplace. The Marketplace can be viewed by anyone with an Abundance account. Since Abundance acts as the registrar of all holders of bonds, the buyer will need to open an account at Abundance if they don’t already have one to register the change in ownership. There are no charges for buying or selling bonds on the Abundance Marketplace.

What happens if the Issuer defaults?
This Instrument is made the 16th day of July 2020

Between:

(1) West Berkshire District Council of Council Offices, Market Street, Newbury, Berkshire, RG14 5LD, as issuer (the Issuer); and

(2) Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, as agent and arranger (the Agent or the Arranger).

Background:

(A) The Issuer has resolved, pursuant to minutes of a meeting of its executive dated 30 April 2020, to create and issue the Bonds on the terms of this Instrument.

(B) The Issuer has determined to constitute the Bonds in the manner set out in this Instrument.

Now this Instrument witnesses as follows:

1 Definitions and interpretation

1.1 In this Instrument, unless the subject or context requires otherwise, the following expressions shall have the meanings set out opposite them below:

Abundance means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered address at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ and which is authorised and regulated by the Financial Conduct Authority (FCA) with FCA registration number 525432.

Abundance Service means the website, services and the Marketplace operated by Abundance at www.abundanceinvestment.com.

Abundance Terms and Conditions means the terms and conditions governing the operation of the Abundance Service, from time to time, the latest copy of which can be found at www.abundanceinvestment.com/legal/terms-and-conditions but at all times only to the extent that such terms and conditions do not impose any obligations or restrictions on the Issuer except as stated in this Instrument.

Acceleration Notice has the meaning given in clause 17.3.1.

Affected Person means any person which Abundance or the Issuer, in its discretion (acting reasonably and in good faith and after consulting with the other), determines is ineligible to acquire or hold Bonds due to the additional costs or restrictions or a Tax or Regulatory Requirement.

Agent means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, in its capacity as agent (which expression shall include any successor agent appointed in accordance with the Abundance Terms and Conditions).

Authorisation means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body).

Beneficiaries means each of the Agent, the Holders and each Delegate and the term “Beneficiary” means any one of them.

Bond means each bond constituted by this Instrument.

Business Day means a day, other than a Saturday, Sunday or public holiday in England, when banks in London are open for business.

Change of Status means, in relation to the Issuer, an adverse change in respect of, or the Issuer no longer having any one or more of the following:

(a) the ability to levy or receive council tax, non-domestic rates and/or business rate supplement or any broadly similar source of revenue;

(b) the ability to receive British government grant funding; and/or

(c) the ability to raise funding from the Public Works Loan Board or any equivalent body,
provided that no Change of Status will be deemed to have occurred in respect of a matter falling within paragraph (a) and/or (c) above where such change is applicable to local authorities in the UK generally.

Debt Liabilities means all monies and obligations due, owing or incurred to the Agent and the Holders or any of them by the Issuer or any of them (whether present or future, actual or contingent and whether incurred as principal or surety) pursuant to this Instrument.

Default Interest has the meaning given in clause 12 (Default Interest) of this Instrument.

Delegate means any delegate, agent, attorney or co-agent appointed by the Agent in accordance with the Abundance Terms and Conditions.

Disruption Event means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Bonds (or otherwise in order for the transactions contemplated by this Instrument to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties to this Instrument; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that, or any other party to this Instrument:

(i) from performing its payment obligations this Instrument; or

(ii) from communicating with other parties in accordance with the terms of this Instrument,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

Early Redemption Date has the meaning given in clause 14.1 (Early Redemption) of this Instrument.

Early Redemption Fee means, in respect of an early redemption of the Bonds made in accordance with clause 14.1 (Early Redemption), an early redemption fee equal to the amount of all Interest that would have accrued on the Bonds and been payable in respect of a period of one month.

Effective Date means the date of issuance of the Bonds in accordance with clause 4.2.

Eligible EEA Country has the meaning given to it in the Abundance Terms and Conditions.

Enforcement Action means any formal legal action or formal legal step taken by any Beneficiary whatsoever to enforce its rights against the Issuer under this Instrument including:

(a) to commence legal proceedings against the Issuer; or

(b) to demand, accelerate or require payment, repayment or prepayment of all or any part of the Debt Liabilities; or

(c) to enforce or make a demand under any credit support given in connection with the Debt Liabilities; or

(d) to cancel any obligation to provide any financial accommodation under this Instrument.

Event of Default means any event or circumstances specified as such in clause 17 (Events of Default) of this Instrument.

Holder means the person entered in the Register as the holder of each Bond from time to time.

Holder Representative means the Holders appointed as a committee to represent the interests of Holders in accordance with the Abundance Terms and Conditions.

Initial Interest Period has the meaning specified in Schedule 6 (Key Terms).

Instrument means this Instrument (including and incorporating the Schedules to this Instrument).

Interest means any amount of interest payable to a Holder in accordance with clause 11 (Interest) of this Instrument.

Interest Payment Date has the meaning given to it in clause 11.2 (Interest) of this Instrument.

Interest Period has the meaning specified in Schedule 6 (Key Terms).

Interest Rate has the meaning specified in Schedule 6 (Key Terms).

Launch means the Arranger making available the Offer Document through the Abundance website to Members.
The Bond Instrument

Marketplace has the meaning give to it in the Abundance Terms and Conditions.

Material Adverse Effect means a material adverse effect on:
(a) the ability of the Issuer to perform its payment obligations under this Instrument; or
(b) the validity or enforceability of this Instrument against the Issuer or the rights or remedies of any of the Holders or the Arranger or the Agent against the Issuer under this Instrument.

Maturity Date has the meaning specified in Schedule 6 (Key Terms).

Members has the meaning given in the Abundance Terms and Conditions.

Minimum Threshold £50,000 in aggregate

Non-Reserved Matters means any matter that is not a Reserved Matter or a matter deemed by the Agent to be of a formal, minor or technical nature that is exercisable by the Issuer and/or Agent without Holder consent in accordance with clause 20.1 (Modifications, Waivers or Consents).

Offer Document means the document produced by the Issuer, dated on or about the date of this Instrument, relating to the Bonds as amended or updated from time to time.

Ordinary Resolution means a resolution passed at a meeting of the Holders of the Bonds duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

Original Jurisdiction means, in relation to the Issuer, the jurisdiction under whose laws the Issuer is incorporated as at the date of this Instrument.

Party means a party to this Instrument.

Principal means, unless the context requires otherwise, the aggregate principal amount of the Bonds or the principal amount of the relevant Bonds held by any Holder, in each case, for the time being outstanding.

Proceeds means all receipts and/or recoveries by the Agent pursuant to any Enforcement Action taken in respect of this Instrument after deducting (to the extent not already deducted) all sums which the Agent is required by the terms of this Instrument or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Beneficiaries.

Purpose has the meaning specified in Schedule 6 (Key Terms).

Register means the register of Holders of Bonds.

Repeating Representations means the representations and warranties in paragraph 1.1 (Status) to paragraph 1.10 (No default) Schedule 3 (Representations and Warranties) of this Instrument.

Reserved Matter has the meaning given in clause 20.3 (Modifications, Waivers or Consents).

Restricted Person means any person who does not fulfil any criteria of eligibility to invest and/or to hold Bonds set out in the Abundance Terms and Conditions from time to time including (without limitation): (i) any US Person; or (ii) any person who is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person.

Schedule means a Schedule to this Instrument.

Schedule to the Abundance Terms and Conditions means the schedule to the Abundance Terms and Conditions as at the date of this Instrument.

Special Resolution means a resolution passed at a meeting of the Holders of the Bonds duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

Sterling or £ means the lawful currency for the time being of the United Kingdom.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).
The Bond Instrument

**Tax or Regulatory Requirement** means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or any decision of a court (having the force of law) in any country or territory.

**UK** means the United Kingdom.

**US Person** means any persons who are or deemed to be US Persons for the purposes of US tax laws or US securities laws (including (without limitation) the US Securities Act of 1933). The Issuer may determine (acting reasonably) whether a person acquiring or holding Bonds (or proposing to do so) is a US person in accordance with applicable law at the time it makes such determination. Further summaries of what constitutes a US Person are provided in the Abundance Terms and Conditions.

**Written Resolution** means a resolution in writing passed in accordance with the Schedule to the Abundance Terms and Conditions.

1.2 In this Instrument unless the contrary intention appears:

1.2.1 terms defined in the Abundance Terms and Conditions have the same meaning in this Instrument;

1.2.2 clause, Schedule and paragraph headings shall not affect the interpretation of this Instrument;

1.2.3 words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

1.2.4 a reference to a “person” means any individual, company, corporation, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity;

1.2.5 a reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

1.2.6 references to clauses, paragraphs and Schedules (including, for the avoidance of doubt, the Abundance Terms and Conditions and the Schedule to the Abundance Terms and Conditions) are to the clauses, paragraphs and Schedules of this Instrument which form part of this Instrument and shall have the same force and effect as if set out in the body of this Instrument, with terms given the meanings set out in this Instrument (unless the context otherwise requires) and any reference to this Instrument shall include the Schedules;

1.2.7 a reference to this Instrument or to any other deed, instrument, agreement or document shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to this Instrument or such other deed, instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

1.2.8 a reference to a statute or statutory provision or other law is a reference to it as amended, or replaced and includes all legislation and regulations made under it;

1.2.9 a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

1.2.10 all the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision;

1.2.11 references to the Bonds include references to all and/or any of the Bonds;

1.2.12 the terms **including** and **include** or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;
1.2.13 headings are inserted for convenience and do not affect the interpretation of this Instrument; and

1.2.14 a reference to an Event of Default continuing means that it has not been remedied or expressly waived.

1.3 Other terms will have the specific meaning given to them in the relevant provisions of this Instrument or the Schedules forming part of it.

2 Form, Title and Register

2.1 Bonds will be held in electronic form, represented by book entries in the Register.

2.2 Holders will be issued with an electronic confirmation of their holding of Bonds via the Abundance Service in accordance with the Abundance Terms and Conditions.

2.3 The Issuer, the Arranger and the Agent will only recognise and treat each Holder as the absolute owner of his Bonds for all purposes and shall not be bound to take notice of any trust to which any Bond may be subject and shall not be required to obtain any proof thereof or as to the identity of such Holder.

2.4 No notice of any trust, except as required by applicable law, will be entered on the Register in respect of any Bonds.

2.5 The Bonds will be registered only in accordance with the Abundance Terms and Conditions, the terms of which the Issuer hereby acknowledges and assents to.

2.6 The Bonds shall be held and transferred subject to the conditions set out in Schedule 2 (Holder Restrictions) of this Instrument.

2.7 The Issuer shall maintain arrangements so that any changes to the Register required under this clause shall be made by Abundance in accordance with the Abundance Terms and Conditions.

2.8 Subject to clause 2.9, the personal representatives of a deceased Holder shall be the only persons recognised by the Issuer as having any title to, or interest in, that Bond on the death of such Holder but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.

2.9 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of any Holder or otherwise by operation of law, may, upon producing such evidence that he is so entitled as the Issuer may reasonably require, be registered himself as the Holder, subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

2.10 The Issuer may retain any payments paid upon any such Bonds which any person referred to in clause 2.9 is entitled to, until such person is registered as the Holder of such Bonds or he has duly transferred the Bonds.

2.11 In accordance with the Abundance Terms and Conditions and the Offer Document, the Holders appoint the Agent to act on their behalf.

3 Denomination and Status

3.1 The Bonds are issued in minimum amounts of five pounds Sterling (£5.00) and in multiple integral amounts of one pound Sterling (£1.00) in nominal amount in excess thereof.

3.2 The aggregate principal amount of the Bonds issued shall be limited to a maximum amount as specified in Schedule 6 (Key Terms). Should the aggregate amount of Bonds issued be less than the maximum aggregate principal amount of Bonds which may be issued, the Agent shall confirm to the Issuer and each Holder the revised figures for the amounts of Principal and Interest repayments as detailed in Schedule 7 (Repayment) on or around the Effective Date.

3.3 As and when issued, the Bonds shall constitute direct, unconditional and unsecured obligations of the Issuer and rank pari passu, equally and rateably without discrimination or preference with all other outstanding unsecured and unsubordinated obligations of the Issuer and without any preference among themselves (except for any generally applicable obligations mandatorily preferred by law).

3.4 No references in this Instrument to the Bonds as being unsecured shall alter the effect of section 13 of the Local Government Act 2003, which operates so that all monies owed by the Issuer in respect of the Bonds (including any interest thereon) shall be charged indifferently on all the revenues of the Issuer.
4 Issuance

4.1 The Arranger will only proceed to Launch once it has received all the documents and evidence specified in Schedule 1 (Conditions Precedent to entry into Bond Instrument) of this Instrument in form and substance satisfactory to it. The Arranger shall notify the Issuer promptly upon being so satisfied.

4.2 The Holders will only subscribe for and the Bonds will only be issued if on the date of the proposed subscription:
   
   4.2.1 no Event of Default is continuing or would result from the proposed issuance of Bonds; and
   
   4.2.2 all of the Repeating Representations are true, (such date being the “Effective Date”).

4.3 The Agent shall determine and promptly notify the Issuer of the occurrence of the Effective Date, on which Holders will subscribe for and the Bonds will be issued.

4.4 The Bonds are issued to, and can only be held by, Members in accordance with the Abundance Terms and Conditions.

5 Assignment and transfer

5.1 The Bonds may only be transferred in accordance with the Abundance Terms and Conditions or, if applicable, in accordance with clauses 2.8 and 2.9 (Form, Title and Register) of this Instrument.

5.2 The Issuer may not assign any of its rights or transfer by novation any of its rights and obligations under this Instrument without the consent of the Agent, and neither may the Agent without the consent of the Issuer.

6 Back-up Service Provider

6.1 If, for any reason:

   6.1.1 Abundance ceases to provide the Abundance Service and it is not provided by the Back-up Service Provider (as defined in the Abundance Terms and Conditions);
   
   6.1.2 Abundance ceases to maintain the Register;
   
   6.1.3 Abundance resigns as Agent in accordance with the Schedule to the Abundance Terms and Conditions without appointing a substitute; or
   
   6.1.4 there is any other material change to the nature of the Abundance Service or the involvement of Abundance which has a material adverse effect on any of the Holders’ rights under the Bonds,

6.2 then for the avoidance of doubt the obligations of the Issuer under this Instrument will remain valid and binding subject to clause 6.3 (below).

6.3 In the circumstances set out in clause 6.1 (above), the Issuer may make such arrangements as it reasonably considers appropriate and may unilaterally amend this Instrument by a deed expressed to be supplemental to this Instrument (but only so far as is reasonably necessary to incorporate the revised arrangements for the matters listed in clauses (6.3.1) - (6.3.4) (inclusive) below).

The Issuer shall take reasonable steps as soon as practicable to inform the Holders of any changes to:

6.3.1 the arrangements for maintaining the Register;

6.3.2 the procedures for making any payments (but not the amount of any payment or how such amount is calculated) to Holders;

6.3.3 the procedures for transfer (including acceptance of any instrument in common standard form) of Bonds; and/or

6.3.4 how notices or other information can be given to Holders.

7 Representations of the Issuer

The Issuer makes each of the representations and warranties set out in Schedule 3 (Representations and Warranties) of this Instrument on the days and at the times stipulated therein.

8 Undertakings of the Issuer

So long as the Bonds are outstanding, the Issuer agrees to comply with each of the undertakings given by it that are set out in Schedule 4 (Positive Undertakings) and Schedule 5 (Negative Undertakings) of this Instrument.

9 Use of Proceeds

9.1 The Issuer may only use the proceeds raised from the Bonds issued under this Instrument:

9.1.1 for application towards the Purpose;
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9.1.2 to pay the costs and expenses (including, without limitation, any arrangement fee and legal fees) incurred by the Issuer in connection with the negotiation, preparation and execution of this Instrument and the Offer Document; and

9.1.3 any surplus not applied in accordance with the clause 9.1.1 or 9.1.2 may be applied towards the general expenditure of the Issuer in its ordinary course of operation.

9.2 Neither the Arranger, the Agent nor any Holder is bound to monitor or verify the application of any net proceeds of a Bond issued pursuant to this Instrument.

10 Repayment of Principal

The Issuer shall repay the Principal in the amounts and at the times detailed in Schedule 7 (Repayment), with the last such payment, due on the Maturity Date, comprising all remaining outstanding Principal together with all accrued but unpaid Interest and any and all amounts due and outstanding under the Bonds pursuant to this Instrument.

11 Interest

11.1 The Bonds shall bear and accrue interest at the Interest Rate (i) on the relevant amount of Principal invested by the relevant Holder in respect of the Initial Interest Period; and (ii) on the Principal in respect of each Interest Period (other than the Initial Interest Period) thereafter up to and including the date on which all Principal is repaid or redeemed in full, such Interest in each case to be paid in accordance with this clause 11 (Interest).

11.2 The Issuer shall pay Interest on (i) 31 October 2020, in respect of the Initial Interest Period only, (ii) the final day of each Interest Period, for each other Interest Period, (iii) and on the Maturity Date (with each such date being an Interest Payment Date), as more particularly set out in Schedule 7 (Repayment). If any such Interest Payment Date is not a Business Day, payment shall be made on the following Business Day.

11.3 The Interest payable on each Interest Payment Date shall be paid to the Agent (for the account of the Holders) by credit transfer and in immediately available, freely transferable, cleared funds.

11.4 Interest shall be calculated and accrue on a daily and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

11.5 A Holder may elect (prior to any Interest Payment Date) for Interest accrued during that Interest Period in respect of their Bond(s) to be waived.

12 Default Interest

12.1 In the event the Issuer fails to make any payment of Principal, Interest or any other amount due pursuant to this Instrument on the date on which such Principal, Interest or other payment is due and payable, Default Interest shall accrue on such unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment (both before and after judgment) at a rate which is 3 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, attracted Interest at the Interest Rate.

12.2 Default Interest shall accrue on a daily basis and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period.

13 Payments

All payments pursuant to this Instrument are to be made in accordance with clause 15.1 (Application of Proceeds), and subject to clause 15 (Application of Proceeds) including, without limitation, provisions detailing the priority of payments under this Instrument.

14 Early Redemption

14.1 Subject to clause 14.2, the Issuer shall be entitled to redeem all of the Bonds in full on any Interest Payment Date by issue of an irrevocable notice to the Agent and (who shall, in turn, promptly notify the Holders via the Abundance Service) giving not less than 20 Business Days’ prior notice of its intention to redeem all of the Bonds on such date (such date being, the Early Redemption Date) and by payment of the amounts described in clause 14.2 below.

14.2 On the Early Redemption Date, the Issuer shall redeem and repay all Principal outstanding under all of the Bonds in full, together with any and all accrued Interest outstanding and payable under the Bonds to (and including) the Early Redemption Date and pay the Early Redemption Fee.
The Bond Instrument

15 Application of Proceeds

15.1 Payments

15.1.1 Any payments required to be made by the Issuer under this Instrument shall be made on the relevant date required for payment (London time) (the Payment Date) and on such Payment Date, the Issuer shall transfer or cause to be transferred such an amount in respect of the payment to the account directed by the Agent (such account being directed in writing at least five (5) Business Days prior to the relevant Payment Date) being, in the case of any payments to the Holders under the Bonds, the account held with the Agent and with such reference number as directed by the Agent.

15.1.2 Any amounts payable under clause 15.1.1 shall be transferred by the Issuer or on behalf of the Issuer to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.

15.1.3 Subject to clause 15.2, any amounts payable by the Issuer to Holders under the terms of the Bonds shall be apportioned by the Agent into the relevant pro rata proportions and such apportioned payments shall be directed by the Agent to the Cash Account (as defined in the Abundance Terms and Conditions) of those relevant Holders.

15.1.4 If the Issuer is required by applicable law to make any withholding or deduction in relation to any amount payable under this clause 15.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. The Issuer shall not be required to increase or gross-up any amount payable to the Beneficiaries under this Instrument as a result of any such deduction or withholding.

15.1.5 Any amounts payable under this clause 15.1 are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

15.1.6 If, for any reason, the Agent considers in its sole discretion that amounts to be received in the relevant accounts pursuant to this clause are insufficient to satisfy all claims in respect of all payments under clause 15.1.1 then falling due:

(a) the Agent shall, as soon as reasonably practicable, notify the Issuer in writing that the full amount has not been received; and

(b) the Agent shall not be obliged to direct the payment in satisfaction of any such claims until the full amount in respect of such claims has been received from the Issuer, the Issuer has provided the Agent details of the reason and/or nature of the shortfall and, if there has been an Event of Default, the Issuer has confirmed that the relevant steps, actions or pre-conditions under this Instrument have been met prior to any acceleration and subsequent payment of those amounts.

15.2 Application

The Agent shall apply any and all Proceeds received or recovered at any time towards satisfying the obligations of the Issuer under this Instrument in the following order:

15.2.1 firstly, in or towards payment of any unpaid fees, costs and expenses of the Agent or any Delegate appointed by it;

15.2.2 secondly, for the account of the Holders, for application in or towards payment of Debt Liabilities payable to Holders, which shall be allocated in respective pro rata proportions to the Holders of the Bonds in accordance with the following order of priority:

(a) then to any due but unpaid repayments of Principal; and

(b) then to any due but unpaid payments of Interest;

15.2.3 thirdly, for the account of the Holders, in or towards payment pro rata of any accrued income, fee or commission owing to the Holders under this Instrument; and

15.2.4 fourthly, in or towards payment pro rata of any other sum due but unpaid under this Instrument.

16 Cancellation

16.1 Subject to clause 20, the Issuer may at any time by agreement with the relevant Holder purchase any Bonds at any price by tender, private treaty or otherwise.
16.2 Any Bonds which are repaid, redeemed or purchased by the Issuer shall forthwith be cancelled and shall not be available for re-issue.

17 Events of Default

17.1 Each of the events or circumstances set out in this clause is an Event of Default:

17.1.1 any failure by the Issuer to pay in full any amount payable under this Instrument or any payment is caused by an administrative or technical error or a Disruption Event, within 5 Business Days of its due date, or in the case of Interest due on any Interest Payment Date other than the Maturity Date, within 5 Business Days of such Interest Payment Date;

17.1.2 the Issuer fails to perform or comply with any of its material obligations under this Instrument (other than the obligations specified in clause 17.1.1), except where such failure is capable of remedy, and is remedied within 10 Business Days of the earlier of (a) written notice being given by the Agent requiring remedy of such failure; or (b) the date that the Issuer has become aware of such failure;

17.1.3 any material representation, warranty or statement made or deemed to have been made by the Issuer in this Instrument is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 20 Business Days of the earlier of (a) the date of a written notice from the Agent requiring remedy of such failure; or (b) the date that the Issuer has become aware of such failure;

17.1.4 (a) any present or future indebtedness of the Issuer for or in respect of monies borrowed or raised with Abundance through the Abundance Service becomes due and payable prior to its stated maturity by reason of any actual or potential default or event of default (howsoever described); or

(b) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period;

(c) 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 monies borrowed or raised with Abundance through the Abundance Service, provided that no Event of Default will occur or subsist under this clause 17.1.1 if the aggregate amount of relevant indebtedness, guarantees or indemnities in respect of which an event or events falling within paragraphs (a) to (c) above is less than £100,000 or its equivalent in any other currency or currencies (as reasonably determined by the Agent).

17.1.5 the Issuer suspends, threatens to suspend or stops payment of, or is unable to or admits inability to pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts for the purposes of any applicable law; or

17.1.6 any civil action, legal proceedings or other procedure or step is taken in relation to the appointment of a receiver or other similar officer in respect of the Issuer which has or would have a Material Adverse Effect (including, but not limited to, the appointment of a receiver in respect of principal or interest due in respect of any borrowing by the Issuer under section 13(5) of the Local Government Act 2003); or

17.1.7 any order is made by any competent court for the dissolution of the Issuer (other than (i) any statutory reorganisation, or (ii) any reorganisation previously approved in writing by a Special Resolution); or

17.1.8 the Issuer initiates or consents to judicial proceedings relating to itself under any applicable bankruptcy, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), except for the purposes of (i) any statutory reorganisation or (ii) any reorganisation previously approved in writing by a Special Resolution; or

17.1.9 the Issuer makes a conveyance or assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), except for the purposes of (i) any statutory reorganisation or (ii) any reorganisation previously approved in writing by a Special Resolution; or
17.1.10
(a) it is or becomes unlawful for the Issuer to perform or comply with any of its material obligations under this Instrument or in respect of the Bonds; or

(b) any material obligation of the Issuer under this Instrument is not or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Holders under this Instrument; or

17.1.11 the authority or ability of the Issuer to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to the Issuer or any of its assets, in each case, which has or would have a Material Adverse Effect; or

17.1.12 the Issuer rescinds or evidences as an intention in writing to rescind or repudiates or evidences as an intention in writing to repudiate this Instrument; or

17.1.13 a Change of Status occurs.

17.2 The Issuer shall promptly notify the Arranger and the Agent of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

17.3 If any Event of Default occurs and is continuing, the Agent, if so directed in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution), shall:

17.3.1 by notice in writing (an “Acceleration Notice”) declare all amounts accrued or outstanding under the Bonds and this Instrument to be immediately due and payable, at which time they shall become immediately due and payable;

17.3.2 be permitted, at the cost and expense of the Issuer (such costs to be proper and reasonable and as far as practicable agreed in advance of appointment), to appoint accountants, lawyers or technical advisers as agreed by the Agent and the Issuer to protect the Holders’ interests (taken as a class) under this Instrument and to investigate the Event of Default; or

17.3.3 permit the appointment of a Holder Representative.

17.4 No Holder shall be entitled to take any Enforcement Action or to exercise any other rights, discretions or powers or to grant any consents or releases under or pursuant to this Instrument, or enforce any provision of this Instrument or waive, cure or consent to any Event of Default or proposed breach of the terms of this Instrument except where such action is permitted by and in accordance with this Instrument and the Abundance Terms and Conditions.

17.5 An Acceleration Notice must be withdrawn with immediate effect by the Agent by way of notice to the Issuer and the Holders if it is directed to do so in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution) to the effect that the Event of Default or Events of Default in relation to which an Acceleration Notice has been given is or are cured or waived and that such Holders wish that Acceleration Notice to be withdrawn, whereupon that Acceleration Notice will automatically be deemed to be withdrawn and will have no further effect in relation to the Bond but without prejudice to any rights or obligations which may have arisen before the Agent withdraws such Acceleration Notice. No such withdrawal shall affect any other Event of Default or any subsequent Event of Default or any right of any Holders in relation thereto.

17.6 If an Acceleration Notice has been provided by the Agent in accordance with clause 17.3 and such notice has not been withdrawn in accordance with clause 17.5, that Acceleration Notice shall automatically apply to all the Bonds and the Agent shall ensure that any Proceeds following that Acceleration Notice shall be applied in accordance with clause 15 (Application of Proceeds).

18 Notices

18.1 The Issuer will give each notice, and will send any other document, to a Holder by sending such notice to the Agent (by email to: support@abundanceinvestment.com or any other email address as notified to the Issuer by the Agent from time to time) who will in turn send any document to the relevant Holder using the Abundance Service (which, for the avoidance of doubt, includes the use of e-mail). Each Holder agrees that the Issuer may rely on the Agent to deliver any such notice in accordance with the Abundance Terms and Conditions.

18.2 Any notice from the Holders (or the Agent acting on their behalf) to the Issuer contemplated by this Instrument shall be sent to the Issuer at the address specified in Schedule 6 (Key Terms) or to such other address as otherwise directed by the Issuer from time to time.
The Bond Instrument

18.3 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, unless such electronic communication is received after 5:00pm in the place in which the party to whom the relevant communication is sent or made available has its address for the purpose of this Instrument, in which case it shall be deemed only to become effective on the following day. In proving service it is sufficient to prove that the communication was correctly addressed and sent.

18.4 The Agent shall promptly send to each Holder details of each communication received by it under this Instrument via the Abundance Service if it is obliged to do so under the terms of this Instrument.

18.5 The Agent agrees that it will notify the Issuer and each Holder as soon as reasonably practicable if it takes any Enforcement Action.

18.6 The Agent shall promptly forward to the Issuer a copy of any notice or communication addressed to the Issuer by any Holder which is received by the Agent.

19 Meetings of Holders, Voting and Modifications to the Deed

The Schedule to the Abundance Terms and Conditions includes provisions for:

19.1 convening meetings of Holders;

19.2 voting and quorum requirements and powers exercisable in respect of an Ordinary Resolution, Special Resolution or a Written Resolution;

19.3 the ability to appoint (and powers of) a Holder Representative; and

19.3.1 other matters stated therein.

20 Modifications, Waivers or Consents

20.1 Provided a Holder Representative (if one has been duly appointed) does not object, the Agent may, without the consent or sanction of the relevant Holders, authorise or sanction any modification of or waive or consent to any breach or proposed breach of, any provisions of this Instrument, which the Agent considers, in its sole opinion, to be of a formal, minor or technical nature or to be necessary to correct a manifest error or to comply with any mandatory provisions of law or, in the case of a waiver of or consent to a breach or proposed breach, is not materially prejudicial to the interests of the relevant Holders.

20.2 Neither the Issuer nor the Agent shall make or concur in making any modification to give any consent under, or grant any waiver in respect of, any breach or proposed breach of this Instrument if such modification, consent or waiver:

20.2.1 is not a matter to which the provisions of paragraph 20.1 apply;

20.2.2 is a Non-Reserved Matter, unless and until the provisions of paragraph 20.4 below have been complied with; or

20.2.3 is a Reserved Matter, unless and until the provisions of paragraph 20.3 below have been complied with.

20.3 The following matters, actions or provisions of this Instrument (each a “Reserved Matter”) may, from time to time, be modified or, in the case of an actual breach or alleged breach of any such provision, waived or consented to with the approval or sanction of a Special Resolution:

20.3.1 any compromise or arrangement proposed to be made between the Issuer, the Agent and the Holders or any of them;

20.3.2 any abrogation, modification or compromise or any arrangement in respect of the rights of the Holders against the Issuer or the rights of the Issuer against the Holders, whether such rights arise under this Instrument or otherwise;

20.3.3 any scheme for the amalgamation of the Issuer with any other entity;

20.3.4 postponing or advancing the time for the making of any payment, repayment or redemption under this Instrument;

20.3.5 any change that has the effect of reducing or increasing any amount payable or rate of any payment under this Instrument;
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20.3.6 changing the basis on which any payments under this Instrument are calculated or applied (including, without limitation, the frequency of any payment or the length of any payment period or period in which a payment is calculated, the currency of payment, the capitalisation of any amount that would otherwise be payable or changing any relevant definitions that are used for those purposes);

20.3.7 imposing any condition or otherwise changing the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Bonds;

20.3.8 the appointment of any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon such committee any powers or discretions which the Holders could themselves exercise by Special Resolution;

20.3.9 the exchange or substitution of the Bonds for or the conversion of the Bonds into bonds or other obligations or securities of the Issuer or any other person or any proposal or scheme to do the same;

20.3.10 any change in the law governing this Instrument or change to the court to whose jurisdiction the Issuer has submitted under this Instrument;

20.3.11 any waiver of or consent to any Event of Default or modification (or proposed modification) to the definition of any Event of Default or any other provisions of this Instrument describing circumstances in which Bonds may be declared due and payable prior to their scheduled maturity date;

20.3.12 any modification to clauses 6, 15, 17.4, 17.5, 17.6 or this clause 20 of this Instrument, the definition of Ordinary Resolution or Special Resolution, or any modification to paragraphs 3.6, 5, 6, 7 or 10 of the Schedule to the Abundance Terms and Conditions, or any modification to any majority required to pass any such resolution or any modification to the number of votes required to be cast or the number or percentage of Bonds required to be held, or any modification to any quorum for the holding of any meeting of Holders;

20.3.13 power to authorise the Agent to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;

20.3.14 any modification to any clause of or definition within this Instrument under which Bonds or Holders of Bonds are expressed to be treated the same, equally or rateably as between themselves;

20.3.15 the retirement or removal of the Agent and/or the approval of a successor Agent other than in accordance with the Schedule to the Abundance Terms and Conditions; or

20.3.16 any modification to the definitions of “Acceleration Notice” or “Enforcement Action” in this Instrument.

20.4 Every Non-Reserved Matter may, from time to time, be modified or, in the case of a breach or proposed breach of any such matter or provision, waived or consented to with the sanction of an Ordinary Resolution.

20.5 Any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 20 shall:

20.5.1 be notified by the Agent to the Issuer and Holders as soon as reasonably practicable after such modification, consent or waiver has been so authorised or sanctioned; and

20.5.2 be binding on all the Holders and the Holders hereby authorise the Agent, the Issuer to execute and deliver on its behalf such deeds or documents required to implement such modification or the terms of such consent or waiver in accordance with clause 20.6.

20.6 In the case of any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 20, as soon as reasonably practicable after such authorisation or sanction, the Agent and the Issuer at the cost of the Issuer, shall execute and deliver any deeds, documents or notices as may be required to be executed and/or delivered in order to give effect to the terms of such modification, waiver or consent (provided that any failure of those parties to meet such timing shall not invalidate the modification, consent or waiver).

21 Execution and Registration of this Instrument

In addition to the Abundance Terms and Conditions and in accordance with the Offer Document, each Holder has appointed the Agent or such person or persons as the Agent may nominate to execute (whether under seal or under hand) and deliver this on its behalf.
The Bond Instrument

22 No Dealings

The Bonds are not capable of being dealt or listed on any stock exchange or other public market in the United Kingdom or elsewhere and no application has been, or is intended to be made, for the Bonds to be listed or otherwise traded on any such stock exchange or other public market.

23 Certificates and Determinations

Any certification or determination by the Agent of a rate or amount under this Instrument is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

24 Rights and Obligations

24.1 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Instrument, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

24.2 Abundance provides services in accordance with arrangements it has with the Issuer and operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members.

24.3 Abundance shall inform the Issuer of any amendments made to the Abundance Terms and Conditions as soon as reasonably practicable following any such being made.

25 Enforcement and preservation costs

The Issuer shall, within 5 Business Days of demand, pay to the Agent the amount of all costs, fees and expenses (including legal fees) together with any associated VAT properly incurred by the Agent in connection with the enforcement of or the preservation of any rights this Instrument or proceedings instituted by or against the Agent as a consequence of enforcing these rights under this Instrument.

26 Inspection

A copy of this Instrument shall be kept at the registered office of the Issuer and any Holder and any person duly authorised in writing by a Holder may at all reasonable times during office hours inspect it.

27 Endorsement

A memorandum of execution of any deed supplemental to this Instrument shall be endorsed by the Issuer on this Instrument.

28 Conflict

If there is a conflict between the terms of this Instrument and the Abundance Terms and Conditions, the terms of this Instrument will prevail.

29 Counterparts

This Instrument may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Instrument.

30 Governing Law and Jurisdiction

30.1 Governing Law

30.1.1 This Instrument and the Bonds shall be governed by and construed in accordance with English law, and all claims and disputes between the parties or any of them arising out of or in connection with this Instrument or the Bonds (whether or not contractual in nature) shall be determined in accordance with English law.

30.1.2 If in any court any party argues that a court other than the courts of England and Wales has jurisdiction to determine any dispute or difference between the parties or any of them arising out of or in connection with this Instrument that issue shall be determined in accordance with English law, and any right any party might otherwise have to rely upon the law of the forum or any other law is hereby irrevocably and unconditionally waived.

30.2 Submission to jurisdiction

30.2.1 Each party submits to the exclusive jurisdiction of the courts of England and Wales in relation to all claims, disputes, differences or other matters arising out of or in connection with this Instrument or the Bonds, provided that nothing in this clause shall prevent the Agent in its sole and unfettered discretion, from commencing proceedings against any other party in any court of competent jurisdiction.

30.2.2 Each Party irrevocably waives any right that it may have:
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(a) to object on any ground to an action being brought in the courts of England and Wales, to claim that the action brought in the courts of England and Wales has been brought in an inconvenient forum, or to claim that the courts of England and Wales do not have jurisdiction. The waiver contained in this clause 30.2.2(a) includes a waiver of all formal and substantive requirements of any otherwise competent jurisdiction in relation to this clause 30.2.2(a);

(b) to oppose the enforcement of any judgment of any court of England and Wales whether on any ground referred to in clause 30.2.2(a) or otherwise.

This document is executed and delivered as a deed and takes effect on the date stated at the beginning of it.

Schedule 1

Conditions Precedent to Launch

1 The Council

1.1 The latest version of the constitution of the Issuer.

1.2 Minutes of a meeting of the executive of the Issuer:

(a) approving the terms of, and the transactions contemplated by, the Instrument and resolving that it execute, deliver and perform the Instrument; and

(b) authorising a specified person or persons to execute the Instrument on its behalf, and to take all other action in connection with the Instrument.

2 The Officers

Certified Copy of the delegated authority from Sarah Clarke, Monitoring Officer and Service Director Strategy & Governance to Shiraz Sheikh, Legal Services Manager, Governance & Environment, to undertake authentication and signature of documents and to affix the Common Seal of Council.

Schedule 2

Holder Restrictions

1 The Bonds may only be acquired or held by Members who are eligible to invest in accordance with the Abundance Terms and Conditions, which, as at the date of this Instrument, includes:

1.1 individuals aged 18 years or over who have their permanent residence in the United Kingdom or an Eligible EEA Country;

1.2 those who are not individuals, being persons who have a permanent place of business in the United Kingdom or an Eligible EEA Country and are duly incorporated, authorised, established or formed in accordance with the relevant laws and regulations in the United Kingdom or relevant Eligible EEA Country; or

1.3 other Members who fulfil all the applicable criteria of eligibility to acquire and to hold Bonds in accordance with the Abundance Terms and Conditions from time to time.

2 The Bonds may not be acquired or held by any Restricted Person.

3 The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of the US or under the laws of any country, jurisdiction, state or territory outside the UK.

4 The Issuer, or Abundance on its behalf, may require reasonable evidence that a proposed transfer is exempt from or not subject to a registration or similar requirement in the US or any other jurisdiction outside the United Kingdom.

Schedule 3

Representations and Warranties

1 The Issuer represents and warrants to each of the Beneficiaries on the date of this Instrument that:

1.1 Status: it is a local authority, duly established and validly existing under the laws of its Original Jurisdiction and it has full power to own its assets and discharge its functions;

1.2 Binding Obligations: the obligations expressed to be assumed by it in this Instrument are legal, valid, binding and enforceable obligations;
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1.3 Non-conflict with other obligations: the entry into and performance by it of, and the transactions contemplated by, this Instrument does not and will not conflict with any law or regulation applicable to it (including, without limitation, the Local Government Act 1972, Local Government Act 2003 and Localism Act 2011), its constitutional documents or any agreement or instrument binding upon it or any of its assets;

1.4 Power and Authority: it has the power to enter into, perform and deliver, and has taken any and all necessary action to authorise its entry into, performance and delivery of, this Instrument and the transactions contemplated by this Instrument;

1.5 Validity and admissibility in evidence: it has obtained all required or desirable Authorisations to enable it to enter into, exercise its rights and comply with its obligations in this Instrument and to make it admissible in evidence in its jurisdiction of incorporation. Any such Authorisations are in full force and effect;

1.6 Governing law and enforcement: the choice of governing law of this Instrument will be recognised and enforced in its jurisdiction of establishment and residence and any judgment obtained in England or Wales in relation to this Instrument will be recognised and enforced in that jurisdiction;

1.7 Insolvency: no civil action, legal proceeding or other procedure or step described in clause 17.1.6, 17.1.7, 17.1.8 or 17.1.9 has been taken or, to its knowledge, threatened in relation to it which would or might reasonably be expected to have a Material Adverse Effect;

1.8 No default: no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of this Instrument by it, or the issuance of the Bonds by the Issuer;

1.9 Information: to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all information that it has given in connection with the Offer Document and this Instrument was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information; and no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in this paragraph and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the information referred to in this paragraph being untrue or misleading in any material respect;

1.10 No breach of laws: it has not breached any law or regulation where breach would have a Material Adverse Effect;

The Repeating Representations are also deemed to be made by the Issuer on the Effective Date and on the first day of each Interest Period, by reference to the facts and circumstances existing on such date.

Schedule 4
Positive Undertakings

Subject to the terms of this Instrument, the Issuer undertakes to the Beneficiaries as follows:

1 the Issuer must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales that enable it to perform its obligations under this Instrument and to ensure the legality, validity, enforceability or admissibility in evidence of this Instrument or that enable it to own its assets and carry on its business as it is being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under this Instrument to which it is expressed to be a party;

2 the Issuer must comply with any law or regulation to which it is subject where such breach would materially adversely affect its ability to perform its obligations under this Instrument or result in a liability against it in an amount which would or might reasonably be expected to have a Material Adverse Effect; and

3 the Issuer shall, promptly following request in writing from the Agent, supply the Agent with such financial information concerning its business, assets or financial condition as the Agent may reasonably request and shall, promptly following publication, provide the Agent with a copy of each of its annual accounts.
## The Bond Instrument

### Schedule 5

#### Negative Undertakings

Subject to the terms of this Instrument, the Issuer undertakes to the Beneficiaries that it shall not convert the Bonds or any repayments of Principal or payments of Interest in relation to the same into any securities of the Issuer without the sanction of a Special Resolution.

### Schedule 6

#### Key Terms

| Interest Periods | a) a first initial shortened interest period commencing on the date on which the Minimum Threshold has been raised or committed by prospective Holders on/following Launch and ending on 15 October 2020 (the Initial Interest Period); followed by, 
|                 | b) each period starting on the last day of its preceding interest period and ending on 15 April and 15 October in any year and, in respect of the final interest period, on the Maturity Date, with the first such period commencing on 16 October 2020 |
| Interest Rate   | 1.2 per cent. per annum |
| Issuer’s address for notices | West Berkshire District Council, Council Offices, Market Street, Newbury RG14 5LD  
|                     | Attention: Head of Finance and Property Services |
| Maturity Date     | 15 October 2025 |
| Maximum aggregate principal amount of Bonds which may be issued | £1,000,000 |
| Purpose           | a) investment in the installation of solar panels on council owned buildings around West Berkshire; and  
|                   | b) potentially other capital projects which support the Environment Strategy. |
## Schedule 7

### Repayment

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<th>Period end date (for interest calculation)</th>
<th>Interest Payment Date</th>
<th>Days in period</th>
<th>Balance brought forward</th>
<th>Interest due</th>
<th>Principal repayment due</th>
<th>Total debt service due</th>
<th>Balance carried forward</th>
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*The interest in the Initial Interest Period cannot be known at this time.*
The Issuer
Executed as a deed by
West Berkshire District Council
acting by affixing
THE COMMON SEAL of WEST
BERKSHIRE DISTRICT COUNCIL
and authenticated by
……………………………
Authorised signatory
Name: ………………………………
Title: ………………………………

The Arranger
Executed as a deed by
Abundance Investment Ltd
acting by a director
Name: ………………………………
…

The Agent
Executed as a deed by
Abundance Investment Ltd
acting by a director
Name: ………………………………
…

in the presence of:
Witness Signature: ………………………………
Witness Name: ………………………………
Witness Occupation: ………………………………
Witness Address: ………………………………
…

in the presence of:
Witness Signature: ………………………………
Witness Name: ………………………………
Witness Occupation: ………………………………
Witness Address: ………………………………
…
Service providers

Issuer, we or us
West Berkshire District Council
Council Offices, Market Street, Newbury, RG14 5LD

Legal advisers to West Berkshire District Council
Womble Bond Dickinson (UK) LLP
1 Whitehall Riverside, Leeds, LS1 4BN

Arranger, distributor and agent
Abundance Investment Ltd
16 The Linen House, 253 Kilburn Lane, London, W10 4BQ

Legal advisers to Abundance
Keystone Law Limited
48 Chancery Lane, London, WC2A 1JF

TLT LLP
1 Redcliff Street, Bristol, BS1 6TP

Terms and conditions for the use of the Abundance service are available at www.abundanceinvestment.com.

We would like to thank you for taking the time to read our Offer Document. West Berkshire District Council accepts responsibility for the information it contains, which is true to the best of our knowledge and belief (having taken all reasonable care to ensure this is so) and reflects the facts without omitting anything which could affect its importance.
Document approved by Abundance Investment Ltd, which is authorised and regulated by the Financial Conduct Authority.