How Charitable Bonds work

Citylife's Charitable Bonds work by providing a combination of grant funding and capital loans (see illustration below).

At the request of one or more charities, Citylife may create an offer of bonds on their behalf. The bonds are available to purchase for a fixed period, usually three to six months, and may be bought by organisations and individuals in return for a bond certificate.

When the offer period closes, around 80 per cent* of the total raised is loaned at a commercial rate to Registered Social Landlords (RSLs). These are not-for-profit housing providers regulated by the Tenant Services Authority, who use the loans to create urgently needed affordable housing for local communities and key workers.

The remaining 20 per cent or so after costs is immediately given as a tax exempt grant to the charity (or charities).

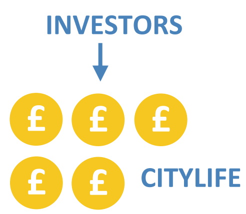
After five years, the housing providers repay their loans with interest – taking the fund to its original 100 per cent level – and bondholders are repaid in full.

So on an investment of £1000 for example, around £200 will immediately go to charity while the rest will work to create affordable places to live. In effect, what you give is the interest you might have received over five years had you put the money in a bank or invested it elsewhere.

* Exact figure depends on commercial interest rates at time of issuing the loan.

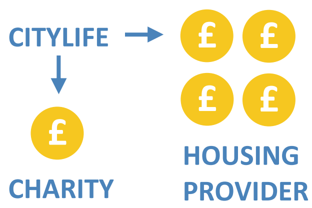
1

Investors put their money in a fixed term Bond with Citylife



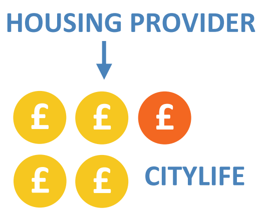
2

Citylife immediately gives around 20% to charity and loans the rest to develop affordable housing



3

After five years the loan is paid back plus interest that matches the sum given to charity



4

Citylife gives investors back all the money they put in