



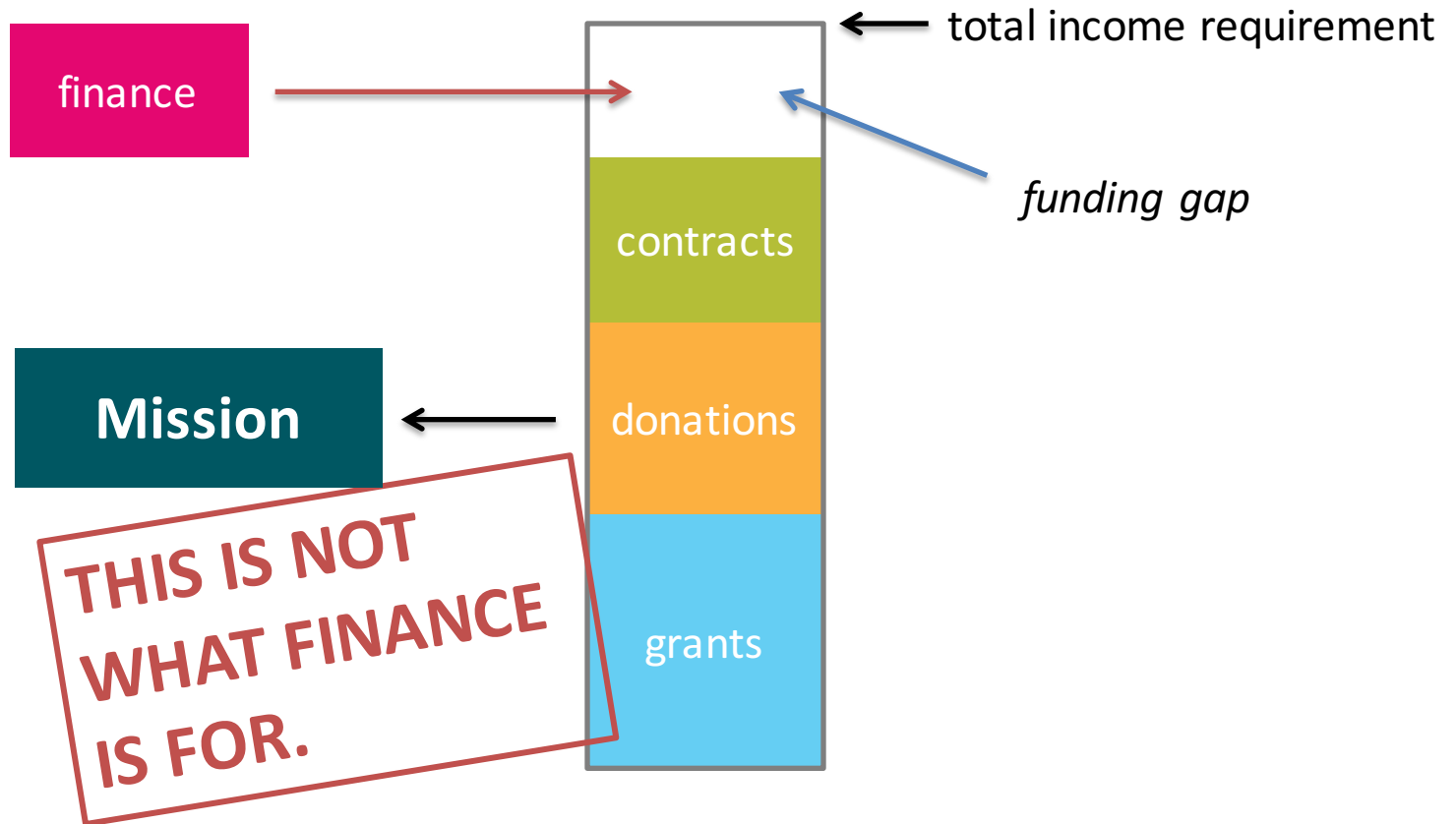
Financial investment for social impact

Phil Caroe

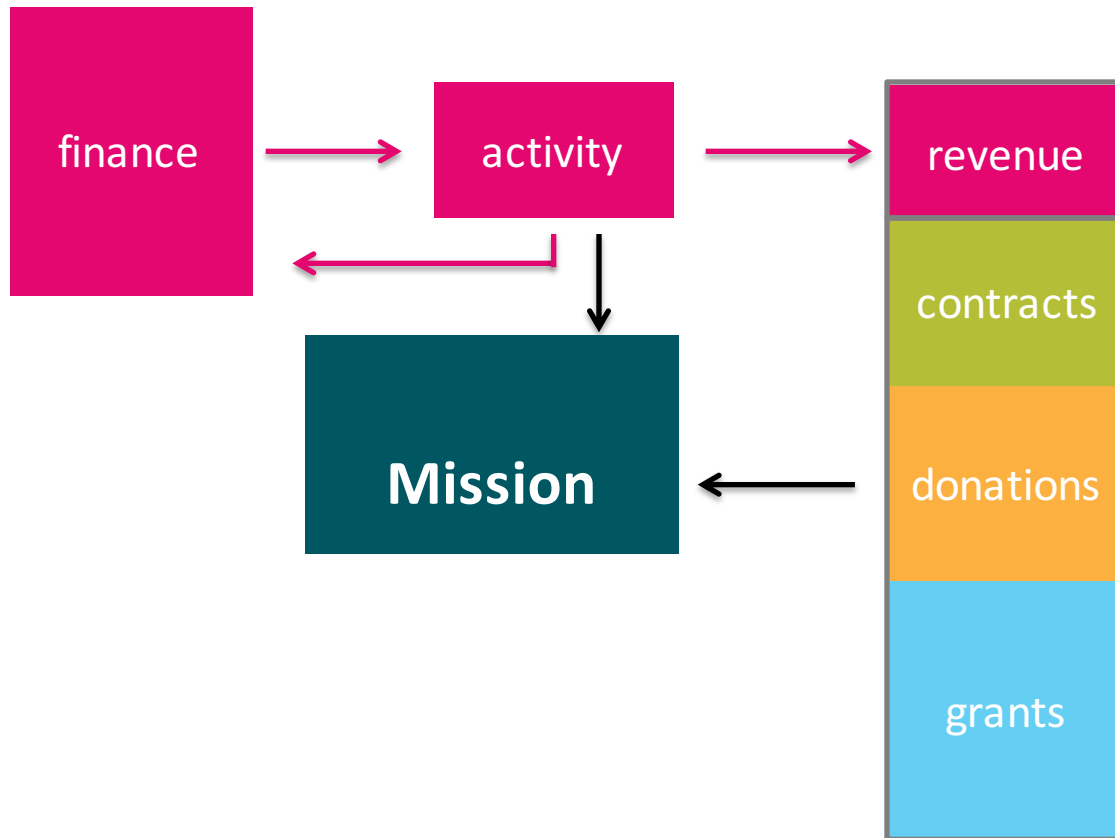
Director of Social Finance



What it's for



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Loans



- £2.6bn of secured lending in voluntary sector
(NCVO Almanac)
- High street banks
- Social banks
 - (Charity Bank, CAF Bank, Triodos, Unity Trust)
- Social lenders
 - (CAF Venturesome, Big Issue Invest, SASC, etc.)



Funds



- Real Lettings Fund created by Resonance and St Mungo's Broadway
- Fund buys 1 and 2 bed flats and leases to Real Lettings
- Real Lettings guarantees rent and does management and maintenance



Investment deals



- HCT Group raised £10m growth capital from consortium of funds and foundations
- ‘Quasi-equity’ element where investor returns linked to revenue
- ‘Social impact incentive’ where borrowing rate falls if outcome targets met



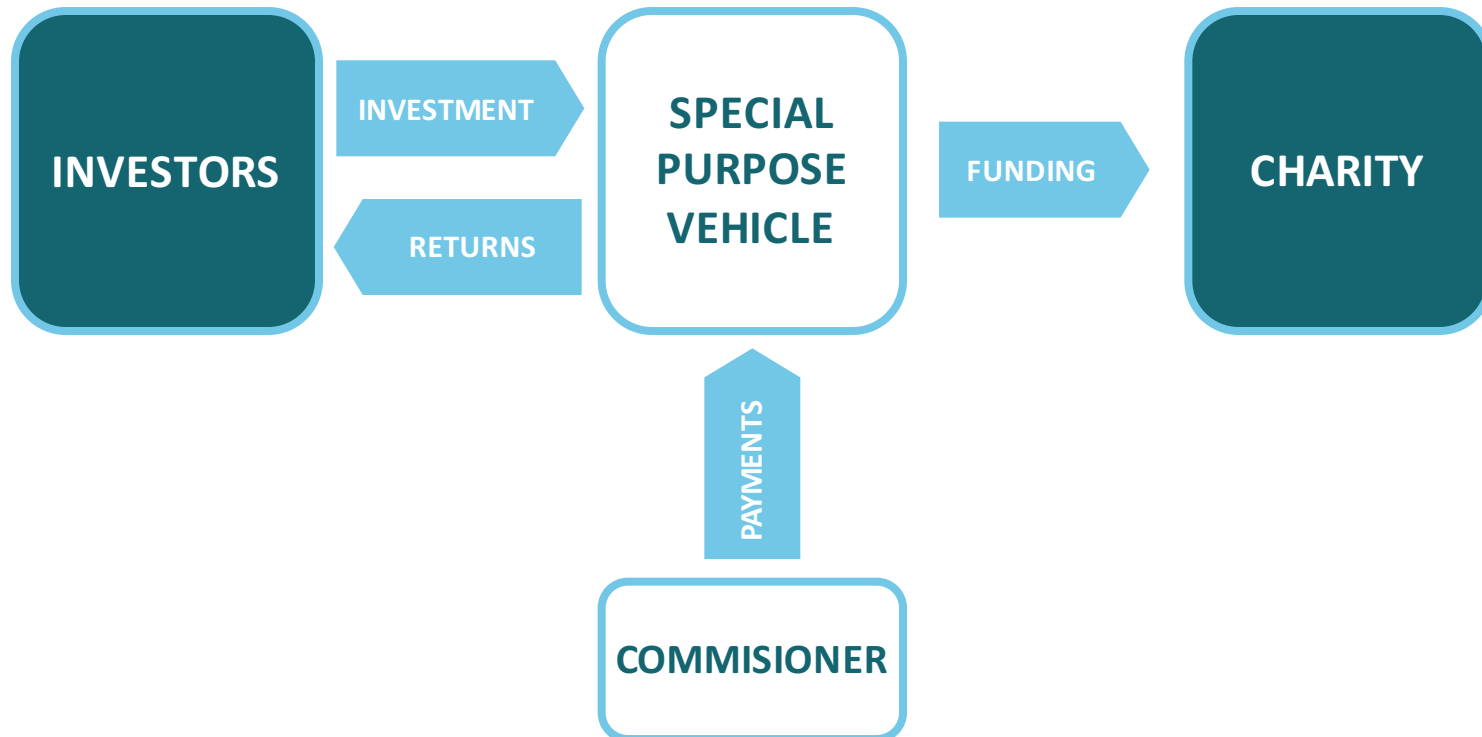
Social impact bonds



- Financing the delivery of payment by results contracts
- (but they're not actually bonds...)
- UK Government created £15m Fair Chance Fund to support 7 homelessness SIBs



Social impact bonds



Community shares



- Can be offered by community benefit societies and co-operatives
- Unique form of equity with debt-like characteristics
- Can be promoted to the public under exemption from financial promotions regulations



Bonds



- Loan finance from multiple investors
- Mini bonds are unlisted
 - Generally aimed at socially-motivated investors
 - Amounts of £1-5m
- Retail bonds are listed
 - Can attract mainstream financial investors
 - Amounts over £10m



Retail Charity Bonds



Affordable housing loans



- Loan finance from Scottish Government available through Allia to develop new affordable housing
- Unsecured lending up to £10m
- Term up to 10 years



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