

BASE PROSPECTUS

£100,000,000 SECURED BOND ISSUANCE PROGRAMME

DATED 18TH OCTOBER 2016

LONDON CAPITAL AND FINANCE PLC

A public limited liability company registered under the laws of England and Wales with company registration number 08140312 and with registered office situated at The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent TN3 9JS as Issuer of the £100,000,000 Secured Bond Issuance Programme.

Table of Contents

1	NOTICE	1
2	RESPONSIBILITY STATEMENT	3
3	RISK FACTORS.....	4
4	GENERAL DESCRIPTION OF THE PROGRAMME	13
5	INFORMATION ABOUT THE ISSUER	15
6	BOARD AND CORPORATE GOVERNANCE.....	21
7	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	23
8	TAXATION	26
9	ADDITIONAL INFORMATION.....	28
10	TERMS AND CONDITIONS.....	29
11	DEFINITIONS	41

1 NOTICE

This Base Prospectus should be read and construed in conjunction with the Reference Documents. Full information on the Issuer and the Bonds is only available on the basis of the Base Prospectus, together with the Reference Documents, and the relevant Final Terms.

No person has been authorised to give any information which is not contained or consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

None of the persons mentioned in this Base Prospectus, other than the Issuer, are responsible for the information contained in this Base Prospectus, any Reference Document or any Final Terms, and accordingly, to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents.

The Legal Advisor to the Issuer has acted and is acting exclusively for the Issuer in relation to this offer and has no contractual, fiduciary or other obligation towards any other person and will accordingly not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Base Prospectus.

This document constitutes a base prospectus for the purposes of the Prospectus Directive. This Base Prospectus is valid for 12 months from the date of approval and this Base Prospectus and any supplement thereto as well as any Final Terms reflect their status as at their respective dates of issue. The Base Prospectus, any supplement and any/or Final Terms and the offering, sale or delivery of any Bonds may not be taken: (a) as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue; and/or (b) that there has been no adverse change in the financial condition of the Issuer since such dates; and/or (c) that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS TO LISTING ON THE EUROPEAN WHOLESALE SECURITIES MARKET, WHICH MEANS THAT THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY AS A BASE PROSPECTUS IN TERMS OF THE PROSPECTUS DIRECTIVE AND THAT THE BONDS ARE IN COMPLIANCE WITH THE LISTING RULES FOR THE EUROPEAN WHOLESALE SECURITIES MARKET. APPLICATION WILL ALSO BE MADE TO THE EUROPEAN WHOLESALE SECURITIES MARKET FOR EACH TRANCHE OF BONDS ISSUED UNDER THE PROGRAMME TO BE ADMITTED TO LISTING AND TRADING ON THE EUROPEAN WHOLESALE SECURITIES MARKET.

The Issuer undertakes to supplement the Base Prospectus or publish a new base prospectus at any time after submission of the Base Prospectus for approval to the Listing Authority, if and when, the information contained herein should become materially inaccurate or incomplete in the event of any new significant factor that is capable of affecting the assessment of the Bonds by prospective investors. **The Listing Authority is not required to approve any Final Terms issued by the Issuer pursuant to this Base Prospectus.**

Within the United Kingdom, this Base Prospectus is directed only at persons who have professional experience in matters relating to investments and who qualify either as investment professionals in accordance with article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO") or as high net worth companies, unincorporated associations etc. in accordance with article 49(2) of the FPO (any such

persons being “**Exempt Persons**”). It may not be passed on except to Exempt Persons or other persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply (all such persons together referred to as “**Relevant Persons**”). This Base Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which the Base Prospectus relates is available in the United Kingdom only to Relevant Persons and will be engaged in only with Relevant Persons. Any other persons other than Relevant Persons should not act or rely on this Base Prospectus.

The distribution of the Base Prospectus and any Final Terms and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes, are required by the Issuer to inform themselves about, and to observe, any such restrictions. Additionally, the Bonds have not been nor will they be registered under the United States Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the “**U.S.**”) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in regulation “**S**” of the said Act). Furthermore, the Issuer will not be registered under the United States Investment Company Act, 1940 as amended, and Bondholders will not be entitled to the benefits set out therein.

This Base Prospectus is drawn up in the English language. The English version shall prevail over any part of this Base Prospectus translated into any other language other than the Terms and Conditions in respect of the issue of any Tranche of Bonds under the Programme where the prevailing language will be specified in the relevant Final Terms.

The Bonds are debt securities issued by the Issuer. The issue of the Bonds has been structured such that the obligations of the Issuer to pay interest on, and redeem, the Bonds when due is secured by a debenture (being the Main Debenture) over all of the assets of the Issuer. Rather than the Main Debenture being granted directly to Bondholders, the Main Debenture is granted in favour of the Trustee who holds the benefit of the Main Debenture on trust for all the Bondholders (and the holders of Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds and any other bonds which are issued by the Issuer in future and which are expressed to be secured). Notwithstanding that the Bonds are secured by the Main Debenture and the benefit of the Main Debenture is held by the Trustee on trust for the Bondholders (amongst others), the Bonds are not asset backed securities.

This Base Prospectus can only be used for the purposes for which it has been published.

This Base Prospectus and any Final Terms must not be used for the purpose of an offer or solicitation to subscribe for Bonds by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

2 RESPONSIBILITY STATEMENT

This Base Prospectus includes information prepared in compliance with Directive 2003/71/EC (the Prospectus Directive) for the purposes of providing prospective investors with information regarding the Issuer. All of the Directors of the Issuer whose names appear under the heading "Board of Directors and Board Committees" in section 5 of this Base Prospectus accept responsibility for the information contained in this Base Prospectus.

To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

3 RISK FACTORS

3.1 General

An investment in the Issuer and the Bonds involves certain risks. The following risks are those identified by the Issuer as at the date of the Base Prospectus. Prospective investors should carefully consider, with their own independent investment and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in this Base Prospectus and Reference Documents before deciding to make an investment in the Bonds.

Some of these risks are subject to contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingencies occurring. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

If any of the risks described below were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the Bonds. The risks and uncertainties discussed below may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those which the Directors of the Issuer are not currently aware of, may well result in a material impact on the financial condition and operational performance of the Issuer. Accordingly, prospective investors should make their own independent evaluation of all risk factors. In addition, prospective investors should consider all other sections of the Base Prospectus before investing in the Bonds. Prospective investors should be aware that risk may be amplified due to a combination of risk factors.

Forward-Looking Statements

This document contains forward-looking statements. No assurance can be given that future results or expectations covered by such forward-looking statements will be achieved. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond the Issuer's control.

3.2 Risks relating to the Issuer

(a) Lending to businesses

The Issuer intends to carry on business making business loans to companies in the United Kingdom. As such, the Issuer's operations and the results of its operations are subject to a number of factors that could adversely affect the Issuer's business, many of which are common to the commercial lending industry and beyond the Issuer's control, including the following:

- (i) other sources of funding becoming available to companies to finance their businesses on terms which are more favourable than those offered by the Issuer;
- (ii) a downturn in national, regional and/or local political, economic and market conditions, may diminish the demand loans from companies in the United Kingdom;
- (iii) increases in operating expenses as a result of inflation, increased personnel costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences.

The impact of any of these factors (or a combination of them) may adversely affect the terms on which the Issuer is able to make loans and/or the amount of those loans

or otherwise cause a reduction in the Issuer's income. Such factors (or a combination of them) may also adversely affect the value of the Issuer's loan book and in either such case would have a material adverse effect on the Issuer's business, financial condition and results of operations.

(b) Repayment by borrowing companies

The Issuer intends to carry on the business of making loans to companies in the United Kingdom. The Issuer is dependent on the timely payment of interest on these loans by borrowing companies and the timely repayment of the principal amount of these loans by borrowing companies in order to carry on its business in accordance with its business model and to be able to pay interest on, and repay the principal amount of, the Bonds when due. In the event that borrowing companies default in the payment of interest on, or the repayment of the principal amount of, loans made to them by the Issuer, this may adversely affect the Issuer's business, results of operations, financial condition and/or prospects and its ability to pay interest on, and redeem, the Bonds when due.

(c) Identification of sufficient companies to make loans to

There is no guarantee that the Issuer will be able to identify a sufficient number of companies to make secured loans to or to identify such companies quickly enough or make a sufficient value of loans to such companies once identified.

If the Issuer is not able to deploy the proceeds of the issue of the Bonds as contemplated in this Base Prospectus, there is a risk that the Issuer may not be able to generate the income needed (i.e. it will not be in receipt of sufficient interest payments from companies to which it has made loans) to pay the interest on such amounts such that the Issuer may not be able to service the interest payable on the Bonds when due.

(d) Changes in market conditions

Changes in market conditions during the term of the Bonds may have an adverse impact on the companies which the Issuer makes loans to and the Issuer's operational or exit strategies in respect of such companies.

(e) The Issuer is dependent on companies to repay loans

The Issuer makes loans to companies and is reliant on these companies to repay the loans the Issuer makes in order for the Issuer to be able to make payments of principal and interest to Bondholders. If a significant volume of loans fall into default, the Issuer may not have sufficient funds to be able to pay principal and interest to Bondholders when due pursuant to the terms of the Bonds.

(f) Realisation of secured assets

The security held by the Issuer in respect of loans made to companies is illiquid (i.e. this security is in respect of property and it will not be feasible to immediately realise this security and dispose of the relevant properties so as to realise cash). If the Issuer has to enforce security granted to it in respect of a loan made by the Issuer to a company, the relevant assets will need to be sold to realise funds. The Issuer cannot determine how long such a sale would take or that a satisfactory price would be achieved. As a result, the Issuer may not be in a position to make payments to Bondholders when due pursuant to the Bonds.

Economic conditions could materially and adversely affect the ability of the Issuer to dispose of any assets over which it has been granted security, which in turn could

have an adverse effect on the Issuer's ability to make payments to Bondholders when due pursuant to the terms of the Bonds.

(g) Valuations

The valuation of an asset is inherently subjective due to, amongst other things, the individual nature of each asset, and valuations are sensitive to changes in market sentiment. As such, valuations are subject to uncertainty and cash generated on disposals may be different from the value of assets previously carried on the Issuer's balance sheet. There is no assurance that valuations of assets, when made, will reflect the actual sale prices even where those sales occur shortly after the valuation date. This may mean that the value ascribed by the Issuer to the assets held by it, or over which it has taken security, may not reflect the value realised on sale, and that the returns generated by the Issuer on disposals of such assets may be less than anticipated.

(h) Information technology

The Issuer is reliant upon certain technologies and systems (including IT systems) for the running of its business. Disruption to those technologies or systems could adversely affect the efficiency of the business. The Issuer may have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put the Issuer at a competitive disadvantage. The technologies or systems that the Issuer chooses may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy.

(i) Personnel

The Issuer's performance is dependent on the continued services and performance of members of its board and senior management team and skilled personnel. If the Issuer does not succeed in retaining skilled personnel, fails to maintain the skills of its personnel or is unable to continue to attract and retain all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives which may have an adverse effect on the Issuer's business, results of operations, financial condition and/or prospects.

The departure from the Issuer of certain members of its board or senior management team could, in the short term, have an adverse effect on the Issuer's business, results of operations, financial condition and/or prospects. The loss of the services of members of its board or senior management team and skilled personnel could materially adversely affect the Issuer's business, financial condition or results of operations.

(j) Competition

The Issuer may face competition from other companies engaged in similar business. This may adversely affect its ability to raise sufficient funding to fund its loan requirements and or make a sufficient volume of loans at a satisfactory margin.

(k) Conflicts

The Directors and other persons acting for the Issuer may from time to time act as director of, for or on behalf of or be otherwise involved in, companies established by parties other than the Issuer which may have similar objectives to those of the Issuer.

Any of these companies may, in the course of business, have potential conflicts of interest with the Issuer. Each will have regard in such event to his, her or its

obligations to the Issuer and will endeavour to make full disclosure of these conflicts and to use their best efforts to see that such conflicts are resolved fairly. In addition any of the foregoing may deal, as principal or agent, with the Issuer, provided that such dealings are fully disclosed in advance and carried out as if effected on normal commercial terms negotiated on an arm's length basis.

(l) Legal and regulatory changes

Government authorities are actively involved in the application and enforcement of laws and regulations relating to taxation, financial services and other matters all of which are relevant to the Issuer. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Issuer's assets. New laws may be introduced which may be retrospective. Any change to the tax status of the Issuer or to existing laws and regulation (including changes to the taxation legislation and regulation relating to corporation tax, capital gains tax and VAT and any reliefs from taxation) could affect the value of the Issuer's loan book and/or the income derived from it.

(m) Changes in interest rates

In the event that the Issuer borrows money (other than pursuant to the Bonds) changes in interest rates could adversely affect the results of the Issuer's operations by increasing financing costs. Any increase in interest rates would increase any debt service costs and would adversely affect the Issuer's cash flow. Accordingly, changes in interest rates could therefore have an adverse effect on the Issuer's business, results of operations, financial condition and/or prospects.

(n) Macro-economic conditions

The Issuer's business is subject to inherent risks arising from general macro and sector-specific economic conditions in the United Kingdom. As a lending business operating predominantly in the United Kingdom, the Issuer's customers could be affected by deterioration in the general macro or sector-specific economic conditions in the United Kingdom and hence this could impact on the Issuer's profitability, borrowing costs and ability to fund itself.

Changes to the general macro or sector-specific economic environment in the UK could arise due to a slowing of gross domestic product (GDP) growth, increases in the bank base rate, changes in the level of unemployment or changes due to inflationary pressures on consumer prices.

The exact nature of the risks faced by the Issuer is inherently difficult to predict and guard against. As a result, the macro-economic conditions may have a material adverse impact on the Issuer's operating results, financial conditions and prospects and may impact the ability of the Issuer to make payments in respect of the Bonds.

(o) United Kingdom's continued membership of the European Union

On 23 June 2016 the United Kingdom conducted a referendum on the question of whether the United Kingdom should remain a member of the European Union. The outcome of the referendum was that a majority of those who voted voted in favour of the United Kingdom ceasing to be a member of the European Union.

As at the date of this Base Prospectus, no steps have been taken by the United Kingdom government to implement the result of the referendum. It is not known when such steps might be taken, when the United Kingdom might leave the European

Union or on what terms the United Kingdom will continue to trade with the European Union once it ceases to be a member of the European Union.

The United Kingdom's withdrawal from the European Union and the terms on which the United Kingdom continues to trade with the European Union following such withdrawal (and the uncertainty regarding such matters) could have an adverse effect on the general macro and sector specific conditions in the United Kingdom and could impact the Issuer's performance and/or the performance of companies to which the Issuer has made or makes loans.

3.3 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

(a) **Financial Services Compensation Scheme ("FSCS")**

The Bonds are not protected by the FSCS (a compensation fund, established under the United Kingdom's Financial Services and Markets Act 2000, for customers of certain financial services firms). As a result, neither the FSCS nor anyone else will pay compensation to Bondholders upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, the Bondholders may lose all or part of their investment in the Bonds.

(b) **Market for Bonds**

The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the price at which they acquired the Bonds, or at all.

(c) **No credit rating**

The Bonds will not be assigned a credit rating by any rating agency on issue and nor does the Issuer currently have any intention of applying for a credit rating from any credit rating agency. However, one or more independent credit rating agencies may assign credit ratings to some or all of the Bonds prior to their redemption. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time

(d) **Issuing of further bonds and raising further debt**

The Issuer has the right to issue further bonds (including, but not limited to, the Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds and Series 7 Bonds). The Issuer may also raise further debt from other sources (for example, bank loans or loans from other lenders). Such other bonds or further debt

may be secured against the assets of the Issuer such that if the security granted in respect of those further bonds is enforced, this may reduce the assets available to satisfy the claims of Bondholders. Such other bonds or debt may be issued on terms which provide that they are secured and that they rank in priority to the Bonds such that, if the relevant security is enforced, the claims of the holders of those other bonds or the lenders of the relevant debt will rank before (and be paid before) the claims of the holders of Bonds.

(e) Proceeds of the realisation of security

The obligations of the Issuer pursuant to the Bonds are secured by a debenture over all of the assets of the Issuer. The same debenture (being the Main Debenture) also secures the Issuer's obligations pursuant to the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and any other bonds issued by the Issuer in future which are expressed to be secured.

The obligations of the Issuer pursuant to the Series 2 Bonds are secured by a debenture (being the Series 2 Debenture) over all of the assets of the Issuer.

Pursuant to the Deed of Priority the security granted pursuant to the Series 2 Debenture ranks equally with the security granted pursuant to the Main Debenture.

In the event that the security created by the Series 2 Debenture and the Main Debenture is enforced, the claims of Bondholders will rank equally with the claims of the holders of Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds and any other bonds issued by the Issuer in future which are expressed to be secured.

There can be no assurance that, in the event that the security created by the Series 2 Debenture and the Main Debenture is enforced, the amounts realised will be sufficient to satisfy the obligations to repay principal, and pay accrued interest, under the Bonds and the principal and accrued interest due to the holders of Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds and any other bonds issued by the Issuer in future which are expressed to be secured, and in the event that such proceeds are insufficient to discharge such obligations in full, the Bondholders and the holders of Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds, Series 7 Bonds and other bonds issued by the Issuer in future which are expressed to be secured will share in such proceeds pro rata to the amounts then due to them.

(f) Priority of claims of the Trustee

Upon an enforcement of any security by the Trustee, the Bondholders will have the right to be paid amounts due to them only after payment of all claims, demands, liabilities, proceedings, costs, fees, charges, losses and expenses incurred by the Trustee in relation to or arising out of, the taking or holding of any security in respect of the Bonds, the exercise or purported exercise of any of the rights, trusts, powers and discretions vested in the Trustee or any other matter or thing done or omitted to be done in connection with the security in respect of the Bonds. Any such payments may result in Bondholders not receiving all amounts outstanding under the Bonds.

(g) Sale of the Bonds

If you choose to sell the Bonds at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer.

- (h) Yield
- The indication of yield (i.e. the income return on the Bonds) stated within this Base Prospectus applies only to investments made at (as opposed to above or below) the issue price of (i.e. 100 per cent. of the price of) the Bonds. If you invest in the Bonds at a price other than the issue price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Base Prospectus.
- (i) Cancellation or early termination of the offer of the Bonds
- During any offer period, the Issuer reserves the right to cancel or terminate early the offer of Bonds at any time prior to its end date. In such circumstances, an applicant investor may not be issued any Bonds or may be issued a number of Bonds which is less than the amount for which such applicant investor applied.
- (j) Inflation Risk
- Inflation will reduce the real value of the Bonds over time, which may affect what you could buy with your investment in the future.
- (k) Event of Default
- For an event of default to occur (such that the security granted by the Issuer to secure its obligations pursuant to the Bonds can be enforced) Bondholders holding over 75% of the Bonds need to give notice of that default or the Issuer must call a default itself. In particular, the necessary 75% is calculated by reference to all the Bonds then in issue and not just Bonds belonging to a single Series. This means that it can be difficult for Bondholders and, in particular, individual Bondholders to declare an event of default such that the security granted by the Issuer over its assets can be enforced.
- (l) Non-recourse
- If the proceeds of the issue of the Bonds and/or the Series 2 Bonds and/or the Series 3 Bonds and/or the Series 4 Bonds and/or the Series 5 Bonds and/or the Series 6 Bonds and/or the Series 7 Bonds and any other bonds issued by the Issuer after the date of this Base Prospectus which are expressed as being secured (the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and any other bonds issued by the Issuer after the date of this Information Memorandum which are expressed as being secured being “**Other Secured Bonds**”) and/or amounts held by the Issuer and/or the assets allocated by the Issuer to the repayment of the Bonds and the Other Secured Bonds and/or the proceeds of the realisation of the security granted in respect of the Bonds and/or the Other Secured Bonds is less than the amount payable by the Issuer in respect of the Bonds and the Other Secured Bonds, the obligations of the Issuer shall be limited to such net proceeds (which shall be applied in such order as the Issuer may decide pro rata (by reference to the aggregate of the principal amount of the relevant Bond or Other Secured Bond (as applicable) and accrued interest thereon at the relevant time)) and no other assets of the Issuer will be available for payment of the shortfall.
- (m) Bank Debt
- The terms of the Bonds provide that, if at any time any debt is owed by the Issuer to any lender other than pursuant to the Bonds, the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds or other bonds issued by the Issuer, the Issuer may postpone the payment of interest on the Bonds that is due and payable. The Issuer may therefore, in some circumstances, not pay interest when due pursuant to the terms of the Bonds and this

will not result in an event of default occurring or otherwise breach the terms of the Bonds.

(n) Meetings of Bondholders

The terms of the Bonds relating to meetings of Bondholders provide that certain specified holdings of Bonds (by nominal value) are required in order to convene a meeting of Bondholders or pass resolutions at those meetings or otherwise pass resolutions of Bondholders. These holdings are calculated by reference to the nominal value of all the Bonds outstanding at the relevant time and not just the Bonds comprised in a given Series. This means that it may be difficult for Bondholders to convene a meeting of Bondholders or pass a resolution at such meeting or otherwise pass a resolution of Bondholders even if they hold a significant proportion of the Bonds of a given Series which are outstanding at the relevant time. The terms of the Bonds do not provide for a meeting of the holders of Bonds of a specified Series only to be held or for the holders of Bonds of a specified Series only to vote on matters affecting only that Series of Bonds.

(o) Change in English law

The terms governing the Bonds are based on English law as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, or regulatory or administrative practice, after the date of this Base Prospectus.

(p) The EU Directive on the taxation of savings income may result in the imposition of withholding taxes in certain jurisdictions

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or secured for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November

2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer, nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a paying agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Bonds may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

(q) Interest rates

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

(r) Exchange rates

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (£) and the Bondholder's currency of reference, if different.

(s) Future offerings of Issuer's securities

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

(t) Modifications and waivers

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The terms and conditions of the Bonds also provide that the Trustee may, without the consent of all the Bondholders, agree to certain modifications of or to the authorisation of certain breaches or proposed breaches of, any of the provisions of the Bonds.

(u) Cash available to redeem Bonds early at the option of Bondholders

Pursuant to the terms of the Bonds, Bondholders may have the right to require the Issuer to redeem the Bonds prior to maturity at the principal amount (together with accrued interest).

If a Bondholder or Bondholders exercises this right, the Issuer may not have sufficient cash available to it at the time such redemption is requested to enable it to redeem the relevant Bonds.

4 GENERAL DESCRIPTION OF THE PROGRAMME

Under this Programme, the Issuer may, from time to time, issue Bonds. The maximum aggregate principal amount of the Bonds from time to time outstanding under the Programme will not exceed £100,000,000 (or its equivalent in any other currency).

The Bonds may be issued on a continuing basis and may be offered for a period of up to twelve (12) months from date of approval of the Base Prospectus. The method of distribution of each Tranche will be stated in the relevant Final Terms.

Subject to the terms and conditions set out in this Base Prospectus, the categories of prospective investors to which the Bonds are intended to be offered are persons in the United Kingdom who have professional experience in matters relating to investments and who qualify either as investment professionals in accordance with article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or as high net worth companies, unincorporated associations etc. in accordance with article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Bonds will be issued in Tranches, each Tranche consisting of Bonds which are identical in all respects except for denomination, Issue Dates, Interest Commencement Dates, Terms and/or Issue Prices. One or more Tranches, which are expressed to be consolidated and forming a single Series and identical in all respects, except for Issue Dates, Interest Commencement Dates and/or Issue Prices may form a Series of Bonds. Further Bonds may be issued as part of an existing Series or as a new Series.

The specific terms governing each Tranche will be set forth in the relevant Final Terms.

The Issuer shall notify the public of the method of publication of the Final Terms by means of electronic publication on the website of the Listing Authority (www.mfsa.com.mt), or, in addition, and at the option of the Issuer, on the website of the Issuer (www.londoncapitalandfinance.co.uk). Any notice so given will be deemed to have been validly given on the date of such publication.

Bonds will be issued in such denominations as may be determined by the Issuer and as indicated in the relevant Final Terms (subject each case to the denomination of a Bond not being less than £100,000).

Bonds will be issued bearing a fixed rate of interest throughout the entire term of the Bonds and will be payable on that basis (as specified in the relevant Final Terms). Bonds may be issued at an Issue Price which is at par or at a discount to, or a premium over, par.

There are no restrictions on the free transferability of the Bonds.

The Bonds will rank equally amongst themselves (irrespective of when a Bond was issued). The Bonds will also rank equally with the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds and the Series 7 Bonds and may rank equally with other bonds or, series of bonds, issued by the Issuer in future.

The Bonds are secured by a debenture (being the Main Debenture) over the assets of the Issuer. This security is granted by the Issuer to the Trustee who will hold the benefit of the security, and enforce the security, on behalf of Bondholders. This security was granted to the Trustee on behalf of bondholders, rather than granting the security to each bondholder separately, to enable there to be a single security document which automatically applies to all the bonds secured by it rather than each holder of bonds entering into a separate security document with the Issuer as and when bonds are issued or transferred. The Series 3 Bonds, Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and any other bonds issued by the Issuer in future which are expressed to be secured are/will be (as applicable) secured by the same debenture (being the Main Debenture) over the assets of the

Issuer. The Series 2 Bonds are secured by a debenture over the assets of the Issuer (being the Series 2 Debenture). This security was granted by the Issuer to the Trustee who holds the benefit of the security and will enforce it on behalf of the holders of Series 2 Bonds. This security was granted by the Issuer to the Trustee on behalf of holders of Series 2 Bonds, rather than granting security to each holder of Series 2 Bonds separately, to enable there to be a single security document which automatically applies to all the Series 2 Bonds secured by it rather than it being necessary to enter into separate security documents with each holder of Series 2 Bonds as and when the Series 2 Bonds were issued. Pursuant to the Deed of Priority, the security granted in respect of the Bonds will rank equally with the security granted in respect of the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and any other bonds issued by the Issuer in future which are expressed to be secured. The Issuer may also issue further security in future which ranks equally with the security granted in respect of the Bonds.

If the security granted to holders of the Bonds is enforced, the claims of Bondholders will rank equally with the claims of holders of Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, Series 7 Bonds and other bonds secured by security which ranks equally with the security granted in respect of the Bonds irrespective of, amongst other things, when the relevant bonds were issued and what the terms of those bonds are. There can be no guarantee that the proceeds realised from the enforcement of the security will be sufficient to repay the amounts due to Bondholders in full.

Notwithstanding that the Bonds are secured by the Main Debenture and the benefit of the Main Debenture is held by the Trustee on trust for the Bondholders (amongst others), the Bonds are not asset backed securities.

Application will be made for each Tranche to be approved for admissibility to listing by the Listing Authority and trading on the EWSM, a Regulated Market supervised by the Listing Authority.

The establishment of the Programme was approved by the Board of Directors on 14th October 2016.

5 INFORMATION ABOUT THE ISSUER

5.1 The Issuer

Full legal and commercial name of the Company	London Capital & Finance Plc
Registered address	The Old Coach House Eridge Park Eridge Green Tunbridge Wells Kent TN3 9JS
Place of registration	England and Wales
Domicile	England
Company registration number	8140312
Date of registration	12 July 2012
Legal form	The Company is lawfully existing and registered as a public limited company pursuant to the United Kingdom Companies Act 2006
Telephone number	+44 (0) 800 410 1155
Fax number	None
E-mail address	info@lcaf.co.uk
Website	www.londoncapitalandfinance.co.uk

5.2 Organisational Structure

The Issuer has no subsidiaries and is not part of a group of companies.

5.3 Principal Activities and Markets

The principal business of the Issuer is to raise money from investors by issuing secured bonds and to use the proceeds of the issue of those bonds to make loans to companies in the United Kingdom on a secured basis.

At the end of 2015 there were 5.4 million businesses in the UK. According to statistics published by the UK Government and the British Bankers Association cumulative lending to UK businesses between July 2011 and June 2016 dropped by £9.7 billion. The National Audit Office has predicted that by 2017 the gap between the amount of funding available to UK businesses and the amount of funding required by UK businesses will hit £22 billion.

In the opinion of the Directors, it is clear that UK businesses continue to be starved of funding, creating an increased demand for short to medium term credit facilities.

The Directors of the Issuer believe that the disparity between the demand for finance from companies in the UK and the availability of that finance has created an opportunity for both the Issuer and investors.

The Issuer has developed a business model whereby it raises money from investors by issuing secured bonds to those investors and uses the proceeds of the issue of those bonds to make loans to companies in the UK on a secured basis. This provides investors with the opportunity to make returns by investing in the bonds issued by the Issuer and it enables the Issuer to meet the lending demand from companies in the UK.

The Issuer is not a peer-to-peer lender or a crowd funding provider as bondholders are not connected to the lending process and the Issuer doesn't operate an online funding platform. The Issuer has chosen to take a more hands on approach to its loan commitments not only by conducting full due diligence prior to lending but also with the ongoing monitoring of the loans it makes.

The Issuer intrinsically involves itself in all aspects of the funding lifecycle, from the raising of capital via bonds through to the sourcing of companies to make loans to and the application, the pre-lending due diligence and legalities of all loans, the on-going monitoring of each company's performance and asset strength, the loan interest and principal repayments and finally the bond interest and principal investment payments to bondholders.

By involving itself in the funding lifecycle, the Issuer is able to not only control the pace and delivery of investment performance, funding and the lending of funds, but also to identify early difficulties a company may be experiencing.

Using the contacts its Directors have developed over their careers, the Issuer has been able to develop relationships with professionals in the financial, accounting and legal professions and, using these relationships, is able to source lending opportunities which enable it to deploy the proceeds raised from the bonds it issues by making loans to companies in the UK. The Issuer seeks to make these loans on commercially competitive terms which, at the same time, provide that the interest payable pursuant to these loans is sufficient to enable the Issuer to service its obligations pursuant to the bonds issued by it and to generate a profit for the Issuer.

When the Issuer identifies a potential borrower, its borrowing application and associated financials and assets will undergo a full financial review and lending assessment. If required, a further financial analysis via an independent accountant will be undertaken prior to any decision to lend being made.

The financial review and lending assessment process incorporates, but is not limited to, the following:

(a) Review of historical financial information.

The historical financial review will seek to analyse the performance of the potential borrower over the last three years and determine whether the current profitability of the potential borrower is sustainable. Additionally, this review will seek to determine whether the potential borrower would have been able to afford the level of debt it is seeking, or whether the Issuer will be relying on future trading performance to ensure the debt servicing costs, and ultimately the principal sum borrowed, are repaid.

(b) An appraisal of non-property assets

The non-property appraisal will seek to ascertain the value of non-property assets. Both physical (e.g. stock, vehicles & equipment) and non physical assets (e.g. the potential borrower's debtor ledger and the value of contracts) will be assessed in line with UK accounting standards.

(c) An appraisal of property assets

The property appraisal will undertake an assessment of the current market value of the property offered as security. This will entail the property being assessed by an

independent surveyor to confirm the property's market value. For property development funding the survey will include a gross development value of the finished property/project.

(d) An assessment of projected turnover and profits

As part of its assessment process, the Issuer will require potential borrowers to provide projected financials for the period of the loan to demonstrate that both interest and principal are able to be repaid. The projected figures will be stress tested to simulate a downturn in turnover and an increase in costs to ascertain whether the potential borrower can still afford the debt servicing costs in challenging economic conditions.

(e) An assessment of repayment proposals

This assessment seeks to determine whether the repayment proposals are realistic, understandable and in line with the financial information (historical and forecasted) provided by the potential borrower. Additionally, the Issuer will seek to test whether the ultimate repayment of principal funds borrowed is achievable in the timescales of the loan.

(f) As assessment of management

An assessment of the potential borrower's management, track record and experience. The management assessment seeks to determine whether the leadership and management of the company has sufficient experience and depth of knowledge to deliver the financial performance required to repay any borrowing.

In addition to the technical aspects of the credit assessment highlighted above, the Issuer, when making its decision whether to offer a loan to a potential borrower, will also consider the term of the loan against the term associated with the bond proceeds it has available to lend.

Once a potential borrower has been assessed as creditworthy, agreed security is taken and legal documents are prepared and signed. Only when all legal and security documentation has been completed to the Issuer's satisfaction will funds be transferred to the borrower. Loan interest payments are collected by the Issuer when due and, at the end of the loan term, the principal amount of borrowed funds will be repaid by the borrower.

In addition to the physical security charged, the Issuer has controls in place to alert it to any repayment issues early on and where prudent, will have in place exit strategies to minimise the impact of defaults. For example, the Issuer will have the right to ask borrowers to provide information about their business from time to time in order to enable the Issuer to monitor the financial health and viability of the borrower. In the case of any facility over £2m, the Issuer – as an additional layer of due diligence – will require the borrower to allow the Issuer (if the Issuer deems it necessary) to hold a non-executive position on the borrower's board of directors for the duration of the loan. By adding these additional layers of control and monitoring, the Issuer has endeavoured to create multiple safeguards to ensure the repayment of the loans made by it.

Income is generated by the Issuer by charging a borrower lending fees and charging interest on the funds the Issuer lends.

All loans made will be on a secured basis (although the loan to value (being the percentage which the value of the relevant loan represents of the value of the assets over which security in respect of that loan is taken) may vary at the discretion of the Issuer). All sector lending will be considered, but the Issuer team intends to focus on the property, M&A, bridging, mezzanine and trade finance sectors.

To date, the Issuer has undertaken seven fundraisings in order to finance its lending to companies. The first fundraising was a small private debt raise conducted in 2013 and repaid in 2014 (the “**Series 1 Bonds**”).

The second fundraising undertaken by the Issuer involved the issue of secured bonds having a term of either one year, two years or three years and bearing interest at the rate of 8.5% per annum (all such bonds issued by the Issuer prior to the date of this Base Prospectus which are not Series 1 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds or Series 7 Bonds being “**Series 2 Bonds**”). The Series 2 Bonds are secured by a debenture over all of the assets of the Issuer. This debenture was granted by the Issuer to the Trustee and the Trustee holds the benefit of the debenture on trust for the holders of the Series 2 Bonds. The Series 2 Bonds were issued by the Issuer between 13 September 2013 and 7 January 2016.

As at 30 September 2016, Series 2 Bonds in the principal amount of £2,877,594 remain outstanding.

All the Series 2 Bonds are to be redeemed by November 2018.

The Issuer does not intend to issue any further Series 2 Bonds. This is because, whilst at the time the Series 2 Bonds were issued, the business model of the Issuer had not been fully tested and the Directors considered that an interest rate of 8.5% was commercially justified in order to attract sufficient investors in the Series 2 Bonds and to reward those investors for the risks associated with subscribing for bonds issued by a company whose business model had not been tested, the Directors consider that this interest rate is now not commercially justified given that the business model of the Issuer has now been tested.

Please note that the Series 2 Bonds are not being offered for subscription pursuant to this Base Prospectus.

In addition to offering the Bonds for subscription, the Issuer has also issued, and proposes to continue to issue, bonds comprised in other series of bonds in order to raise additional finance for the purpose of enabling the Issuer to make loans to companies in the UK in accordance with its business model. In particular, the Issuer currently offers, or proposes to offer, for subscription:

- (a) Up to £25,000,000 of series 3, 1 year 3.9% protect secured bonds (the “**Series 3 Bonds**”): The Series 3 Bonds have a term of 1 year and bear interest at the rate of 3.9% per annum (payable on redemption). The Series 3 Bonds are secured by a debenture over all of the assets of the Issuer (see further comments in section 4 of this Base Prospectus regarding ranking and security). As at 30 September 2016, Series 3 Bonds in the aggregate principal amount of £4,079,000 had been issued and remained outstanding.
- (b) Up to £25,000,000 of series 4, 2 year 6.5% growth & protect secured bonds (the “**Series 4 Bonds**”): The Series 4 Bonds have a term of two years and bear interest at the rate of 6.5% per annum (payable every six months). The Series 4 Bonds are secured by a debenture over all of the assets of the Issuer (see further comments in section 4 of this Base Prospectus regarding ranking and security). As at 30 September 2016, Series 4 Bonds in the aggregate principal amount of £3,843,700 had been issued and remained outstanding.
- (c) Up to £25,000,000 of series 5, 3 year 8% growth secured bonds (the “**Series 5 Bonds**”): The Series 5 Bonds have a term of three years and bear interest at the rate of 8% per annum (payable every three months). The Series 5 Bonds are secured by a debenture over all of the assets of the Issuer (see further comments in section 4 of this Base Prospectus regarding ranking and security). As at 30 September 2016,

Series 5 Bonds in the aggregate principal amount of £12,803,300 had been issued and remained outstanding.

- (d) Up to £25,000,000 of series 6, 2 year 6.5% growth & protect secured bonds (the “**Series 6 Bonds**”): The Series 6 Bonds will have a term of two years and will bear interest at the rate of 6.5% per annum (payable on redemption). Interest accrued during the preceding year will be compounded on the one year anniversary of the date the relevant Series 6 Bond was issued. The Series 6 Bonds will be secured by a debenture over all of the assets of the Issuer (see further comments in section 4 of this Base Prospectus regarding ranking and security). As at 30 September 2016, Series 6 Bonds in the aggregate principal amount of £177,500 had been issued and remained outstanding.
- (e) Up to £25,000,000 of series 7, 3 year 8% growth secured bonds (the “**Series 7 Bonds**”): The Series 7 Bonds will have a term of three years and will bear interest at the rate of 8% per annum (payable on redemption). Interest accrued during the preceding year will be compounded on the one year anniversary, and the two year anniversary, of the date the relevant Series 7 Bond was issued. The Series 7 Bonds will be secured by a debenture over all of the assets of the Issuer (see further comments in section 4 of this Base Prospectus regarding ranking and security). As at 30 September 2016, Series 7 Bonds in the aggregate principal amount of £1,225,200 had been issued and remained outstanding.

Please note that the Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds and Series 7 Bonds are not being offered for subscription pursuant to this Base Prospectus.

The proceeds raised from the issue of the Series 1 Bonds, Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds and Series 7 Bonds have been used to make loans to companies in the United Kingdom. As at 30 September 2016, the outstanding loans made by the Issuer had an aggregate principal amount of £25,553,379. To date there have been no defaults on the loans made by the Company.

In addition to making loans itself, the Issuer has acquired the benefit of loans made by a company called Lakeview Capital Limited in the amount of £553,000 (the amount of this loan is included in the figure of £25,553,379 stated above). Under the terms of this acquisition, the Issuer also assumed the obligation to repay loans in the amount of £553,000 that had been made to Lakeview Capital Limited.

The Issuer has paid or pays interest on, and has redeemed or redeems or will redeem, the Series 1 Bonds, the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds and the Series 7 Bonds when due using monies derived from the Issuer’s business of making secured interest bearing loans to companies in the UK.

In addition to the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and the Bonds, the Issuer may issue further bonds, or series of bonds, in future (which may have the same or different terms and conditions attached to them) and, where they are expressed to be secured, these will also be secured by a debenture over the assets of the Issuer (being the Main Debenture).

The Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds and Series 7 Bonds are non-transferable and none of the Series 2 Bonds, Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, Series 6 Bonds or Series 7 Bonds are admitted to trading on any stock exchange in any jurisdiction.

The Issuer is now issuing the Bonds on terms which provide that they are transferable and applying for the Bonds to be approved for admissibility to listing by the Listing Authority and

trading on the EWSM, a Regulated Market supervised by the Listing Authority, as the Issuer believes that these factors will make the Bond attractive to additional investors and enable the Issuer to raise further funds which it will be able to deploy by making loans in accordance with its business model.

Notwithstanding that the Bonds are secured by the Main Debenture and the benefit of the Main Debenture is held by the Trustee on trust for the Bondholders (amongst others), the Bonds are not asset backed securities.

5.4 Use of Proceeds

The Issuer will use the proceeds of the issue of the Bonds to make further loans to companies in the UK in accordance with its business model (as set out in paragraph 5.3 above).

5.5 Principal markets

The Issuer operates in the United Kingdom making secured commercial loans to companies in the United Kingdom.

5.6 Trend Information

There has been no material adverse change in the prospects of the Issuer since the date of publication of its latest audited financial statements.

At the date of publication of the Base Prospectus, in addition to macroeconomic conditions and market conditions generally, the Issuer anticipates that the uncertainty arising from the referendum held by the United Kingdom on 23 June 2016 is likely to continue, particularly in the financial services sector in which the Issuer operates. Save as set out above, the Issuer does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer's business for at least up to the end of the current financial year.

6 BOARD AND CORPORATE GOVERNANCE

6.1 Board of Directors and Board Committees

The Memorandum of Association of the Issuer provides that the Board of Directors shall be composed of not less than two directors. There is no maximum limit to the number of directors that may be appointed to the Board of Directors. As at the date of the Base Prospectus, the Board of Directors of the Issuer is constituted by the following persons:

Michael Andrew Thomson	Executive director
Floris Jakobus Huisamen	Executive director
Katherine Simpson	Non-executive director

Michael Andrew Thomson occupies a senior executive position within the Issuer. Floris Jakobus Huisamen is also an executive director and Katherine Simpson serves in a non-executive capacity.

The business address of the Directors is The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent TN3 9JS.

The following are the *curriculum vitae* of the Directors:

Name: Michael Andrew Thomson; Executive director

Andrew has worked at senior levels within some of the UK largest banks. Prior to leaving the banking world his last position was at director level at Royal Bank of Scotland commercial bank.

Andrew has experience in providing funding solutions into many sectors as well as financial and corporate structure modelling for both the M&A market and those companies requiring turnaround/restructuring support. Andrew also has experience of financing significant property based projects from conception right through the build programme to fit out and through to ultimate completion. The size of these projects ranged from £2m single residential builds to +£100m commercial estates.

Name: Floris Jakobus Huisamen; Executive director

Floris Jakobus Huisamen has experience in corporate finance and advising on M&A, listings and international transactions and projects. He holds a Bachelors in Law, Honours in Management and an MBA (Finance).

Name: Katherine Simpson; Non-executive director

Katherine is a career HR specialist. Prior to starting her own successful HR consultancy, JDS HR, she held a number of senior positions with multinational organisations such as Pfizer and T.E.N. (Sony Warner distribution), where she led the delivery of HR solutions at regional and national levels assisting these companies with their national expansion plans. Building on her experience Katherine set up JDS HR in 2006 to provide proactive HR solutions across all sectors assisting companies with both expansion and change issues. Since 2006 JDS HR has grown significantly and the majority of Katherine's time is utilised in assisting executives with shaping the direction of their companies to enable future expansion.

The principal activities performed by the Directors outside the Issuer (where these are significant with respect to the Issuer) are listed below:

Name	Principal activities performed outside the Issuer (all activities are directorships of English companies)
Michael Andrew Thomson	None

Floris Jakobus Huisamen

Weald Stone Ventures Limited

Culverlands Enterprises Limited

Katherine Simpson

JDS HR Limited

6.2 Board Committees

The board currently consists of two executive directors and one non-executive director. The composition of the board provides an appropriate blend of experience and qualifications, and the non-executive provides a basis for ensuring appropriate corporate governance of the Issuer. The board's decisions are implemented by the executive directors.

In support of the principles of good corporate governance, the board has a risk and compliance committee.

6.3 Risk and compliance committee

The risk and compliance committee comprises Katherine Simpson and Floris Jakobus Huisamen. Meetings of the risk and compliance committee are also attended by the Issuer's money laundering reporting officer. The committee has responsibility for promoting effective management of compliance and operational, reputational and liquidity risk, taking into account the objectives of the Issuer.

6.4 Corporate governance

As of the date of this Base Prospectus, the Issuer was in compliance with the corporate governance rules applicable to it.

6.5 Conflicts of Interest

As at the date of this Base Prospectus, there are no conflicts of interest between the duties of the Directors towards the Issuer and their private interests and/or other duties save that Michael Andrew Thomson is the sole shareholder of the Issuer. Conflicts of interest may, arise in respect of certain future transactions, such as the granting of credit facilities by the Issuer to any of the Directors and/or any companies in which they may be involved. In such instances, such conflicts will be managed in the best interests of the Issuer.

6.6 Major Shareholders

The sole shareholder of the Issuer is Michael Andrew Thomson.

7 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

7.1 Historical Financial Information

The historical financial information for the two financial periods ended 30 April 2015 and 30 April 2016 as audited by Oliver Clive & Co. Limited and PricewaterhouseCoopers LLP respectively are set out in the financial statements of the Issuer. Such financial statements are available on the website of the Issuer (at <https://www.londoncapitalandfinance.co.uk/company-documents>) and are incorporated by reference into, and form part of, this Base Prospectus.

7.2 Age of the latest financial information

The latest audited financial statements available in respect of the Issuer relate to the financial year ended 30 April 2016 as approved by the Board of Directors of the Issuer on 10th October 2016.

7.3 Legal and Arbitration Proceedings

The Issuer does not consider there to be any governmental, legal or arbitration proceedings which may have a significant effect on the financial position or profitability of the Issuer.

7.4 Significant changes in the Issuer's financial or trading position

There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the financial statements referred to above relate.

7.5 Material Contracts

Series 2 Bonds

The Series 2 Bonds have terms of either one year, two years or three years and bear interest at the rate of 8.5% per annum. The Series 2 Bonds are secured by the Series 2 Debenture. The Series 2 Bonds were issued between 13 September 2016 and 7 January 2016. As at 30 September 2016, Series 2 Bonds in the aggregate principal amount of £2,877,594 remained outstanding.

Series 3 Bond Instrument

A bond instrument executed by the Issuer and dated 5 November 2015 constituting up to £25,000,000 of Series 3 Bonds. The Series 3 Bonds have a term of 1 year and bear interest at the rate of 3.9% per annum (payable on redemption). The Series 3 Bonds are secured by the Main Debenture. As at 30 September 2016, Series 3 Bonds in the aggregate principal amount of £4,079,000 had been issued.

Series 4 Bond Instrument

A bond instrument executed by the Issuer and dated 5 November 2015 constituting up to £25,000,000 of Series 4 Bonds. The Series 4 Bonds have a term of two years and bear interest at the rate of 6.5% per annum (payable every six months). The Series 4 Bonds are secured by the Main Debenture. As at 30 September 2016, Series 4 Bonds in the aggregate principal amount of £3,843,700 had been issued.

Series 5 Bond Instrument

A bond instrument executed by the Issuer and dated 5 November 2015 constituting up to £25,000,000 of Series 5 Bonds. The Series 5 Bonds have a term of three years and bear interest at the rate of 8% per annum (payable every three months). The Series 5 Bonds are secured by the Main Debenture. As at 30 September 2016, Series 5 Bonds in the aggregate principal amount of £12,803,300 had been issued.

Series 6 Bond Instrument

A bond instrument executed by the Issuer dated 14 December 2015 and amended and restated on 8 February 2016 constituting up to £25,000,000 of Series 6 Bonds. The Series 6 Bonds have a term of two years and bear interest at the rate of 6.5% per annum (payable on redemption). The Series 6 Bonds are secured by the Main Debenture. As at 30 September 2016, Series 6 Bonds in the aggregate principal amount of £177,500 had been issued.

Series 7 Bond Instrument

A bond instrument executed by the Issuer dated 14 December 2015 and amended and restated on 8 February 2016 constituting up to £25,000,000 of Series 7 Bonds. The Series 7 Bonds have a term of 3 years and bear interest at the rate of 8% per annum (payable on redemption). The Series 7 Bonds are secured by the Main Debenture. As at 30 September 2016, Series 7 Bonds in the aggregate principal amount of £1,225,200 had been issued.

Series 2 Debenture

A debenture entered into between the Issuer and the Trustee dated 29 December 2015 (the "**Series 2 Debenture**"). Pursuant to the terms of the Series 2 Debenture the Issuer grants the Trustee a debenture over all of its assets in order to secure the all present and future monies, obligations and liabilities owed by the Issuer to the holders of Series 2 Bonds and/or the Trustee.

Main debenture

A debenture entered into between the Issuer and the Trustee dated 30 December 2015 (the "**Main Debenture**"). Pursuant to the terms of the Main Debenture the Issuer grants the Trustee a debenture over all of its assets in order to secure the all present and future monies, obligations and liabilities owed by the Issuer to the holders of Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, the holders of any bonds issued after the date of the Main Debenture which are expressed to be secured (therefore including the holders of Series 6 Bonds and Series 7 Bonds) and/or the Trustee.

Series 2 Security Trust Deed

A security trust deed entered into between the Issuer and the Trustee dated 5 November 2015 (the "**Series 2 Security Trust Deed**"). Pursuant to the terms of the Series 2 Trust Deed the Trustee agrees to hold the benefit of the Series 2 Debenture on trust for, and to enforce it on behalf of, the holders of Series 2 Bonds.

Main Security Trust Deed

A security trust deed entered into between the Issuer and the Trustee dated 5 November 2015 (the "**Main Security Trust Deed**"). Pursuant to the terms of the Main Security Trust Deed, the Trustee agrees to hold the benefit of the Main Debenture on trust for, and to enforce it on behalf of, the holders of Series 3 Bonds, Series 4 Bonds, Series 5 Bonds and the holders of any bonds issued after the date of the Main Debenture which are expressed to be secured (therefore including the holders of Series 6 Bonds and Series 7 Bonds).

Deed of priority

A deed of priority entered into between the Issuer, the Trustee (acting in relation to its rights and obligations pursuant to the Series 2 Security Trust Deed) and the Trustee (acting in relation to its rights and obligations pursuant to the Main Security Trust Deed) dated 5 November 2015 (the "**Deed of Priority**"). Pursuant to the terms of the deed of priority, the Issuer, the Trustee (acting in relation to its rights and obligations pursuant to the Series 2 Security Trust Deed) and the Trustee (acting in relation to its rights and obligations pursuant to the Main Security Trust Deed) agree that:

- (a) all amounts owed by the Issuer to the holders of Series 2 Bonds and the Trustee (the **"First Lender's Debt"**); and
- (b) all security granted by the Issuer to the Trustee (acting in relation to its rights and obligations pursuant to the Main Security Trust Deed) to secure the First Lender's Debt (including the surety granted pursuant to the Series 2 Debenture); and
- (c) all amounts owed by the Issuer to the holders of the Series 3 Bonds, Series 4 Bonds, Series 5 Bonds, the holders of any bonds issued after the date of the Main Debenture which are expressed to be secured (therefore including the holders of Series 6 Bonds and Series 7 Bonds) and/or the Trustee (the **"Second Lender's Debt"**)
- (d) all security granted by the Issuer to the Trustee (acting in relation to its rights and obligations pursuant to the Series 2 Security Trust Deed) to secure the Second Lender's Debt (including the surety granted pursuant to the Main Debenture),

shall rank equally as a continuing security.

8 TAXATION

- 8.1 The summary set out below describes certain taxation matters of the United Kingdom based on the Issuer's understanding of current law and practice in the United Kingdom as at the date of this Base Prospectus, both of which are subject to change, possibly with retrospective effect. The summary is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice. Additionally, the comments below are not intended to be exhaustive.
- 8.2 The summary set out below applies only to persons who are the absolute beneficial owners of Bonds who hold their Bonds as investments and (save where it is explicitly stated otherwise) who are resident and (in the case of individuals) domiciled for tax purposes in the United Kingdom. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ from that set out below and may be subject to change in the future.
- 8.3 The precise tax treatment of a Bondholder will depend on his, her or its individual circumstances and law and practice in force at the relevant time and therefore may be subject to change. Prospective Bondholders are advised to consult their own professional advisers before investing.
- 8.4 The Issuer will be obliged to withhold tax at the basic rate, currently 20%, on interest payments to Bondholders. The Issuer will issue a tax certificate with each payment and will remit the tax withheld direct to HMRC. A Bondholder who is subject to United Kingdom income tax at a rate not exceeding the basic rate should not be liable for additional income tax on the interest earned on the Bond.
- 8.5 A Bondholder who is subject to United Kingdom income tax at rates exceeding the basic rate may be required to pay additional tax after taking into account tax withheld at source by the Issuer.
- 8.6 A Bondholder who is not normally subject to tax in the United Kingdom may be entitled to claim repayment from HMRC of the tax withheld at the basic rate by the Issuer.
- 8.7 A corporate Bondholder resident in the United Kingdom for corporation tax purposes will receive interest payments gross, as there is no withholding tax obligation; such Bondholder will have to pay tax on the interest received at the corporation tax rate applicable to its profits and status. A charity resident in the United Kingdom for tax purposes will also be entitled to receive interest gross.
- 8.8 A Bondholder that is a tax-exempt pension scheme constituted as a Self-Invested Personal Pension ("**SIPP**") or Small Self-Administered Scheme ("**SSAS**") will receive interest payments gross, as there is no withholding tax obligation.
- 8.9 No liability to United Kingdom Capital Gains Tax should arise on the issue of Bonds or on subsequent redemption. No United Kingdom Stamp Duty or Stamp Duty Reserve Tax will be payable on the issue of Bonds or on redemption.
- 8.10 A holding of Bonds should form part of a Bondholder's estate for inheritance tax purposes.
- 8.11 The foregoing summary is a general guide and is not a substitute for an investor obtaining professional advice on the taxation implications of their investment.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH UNITED KINGDOM AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS

INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

9 ADDITIONAL INFORMATION

9.1 Admission to trading information

Application will be made for each Tranche of Bonds to be admitted to trading on the EWSM. The EWSM is a regulated market in terms of Directive 2004/39/EC.

9.2 Authorisations

The issue of the Bonds has been authorised by means of a resolution of the Board of Directors of the Issuer passed on 14th October 2016.

The Base Prospectus has been authorised by means of a resolution of the Board of Directors of the Issuer passed on 14th October 2016.

9.3 Listing Agent

The Issuer has appointed Irish Stock Exchange Services Limited (trading as ISE Listing Services) of 28 Anglesea Street, Dublin 2, Ireland as listing agent. In accordance with the Listing Rules, the Listing Agent shall, amongst other things, liaise with the Listing Authority. The Listing Agent shall act solely as such in respect of the Issuer and shall not assume any obligation or duty to, or any relationship of agency or trust for or with, any Bondholder. The Issuer has the right to vary or terminate the appointment of the Listing Agent and to appoint another Listing Agent.

9.1 Statutory Auditors

The Issuer's audited financial statements for the financial year ended 30 April 2015 have been audited by Oliver Clive & Co. Limited of 14 David Mews, London W1V 6EQ which is a firm of accountants authorised and regulated by the Institute of Chartered Accountants of England and Wales.

The Issuer's audited financial statements for the financial year ended 30 April 2016 have been audited by PricewaterhouseCoopers LLP, of 1 Embankment Place, London WC2N 6RH which is a firm of accountants authorised and regulated by the Institute of Chartered Accountants of England and Wales.

9.2 Documents on display

The following documents or certified copies thereof, where applicable, are available for inspection by electronic means on the Issuer's website (<https://www.londoncapitalandfinance.co.uk/company-documents>) for the lifetime of the Base Prospectus:

- (a) the memorandum and articles of association of the Issuer;
- (b) the financial statements of the Issuer for the financial years ended 30 April 2015 and 30 April 2016.

9.3 Third party information

The auditors' report of Oliver Clive & Co. Limited contained in the audited financial statements for the financial year ended 30 April 2015 and the auditors' report of PricewaterhouseCoopers LLP contained in the audited financial statements for the financial year ended 30 April 2016 have been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10 TERMS AND CONDITIONS

The following is the text of the terms and conditions (“**Terms and Conditions**”) that, subject to completion and as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Bonds.

All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms.

The Bonds are issued by London Capital & Finance Plc (the “**Issuer**”). Notwithstanding that the Bonds are secured by the Main Debenture and the benefit of the Main Debenture is held by the Trustee on trust for the Bondholders (amongst others) the Bonds are not asset backed securities. References below to **Terms and Conditions** are, unless the context requires otherwise, to the numbered paragraphs below.

10.1 Definitions and Interpretation

(a) In these Terms and Conditions, unless the contrary intention appears:

“Bank Debt”

means at any time the amount of debt owed by the Issuer to any lender other than pursuant to these Terms and Conditions, the Bonds, the Series 2 Bonds, the Series 3 Bond Instrument, the Series 3 Bonds, the Series 4 Bond Instrument, the Series 4 Bonds, the Series 5 Bond Instrument, the Series 5 Bonds, the Series 6 Bond Instrument, the Series 6 Bonds the Series 7 Bond Instrument, the Series 7 Bonds and other bonds issued by the Issuer after the date of this Base Prospectus;

“Bond Interest”

means for the specified period, interest and any amounts in the nature of interest in relation to the Bonds charged, accrued or capitalised in each case in that period;

“Event of Default”

means any of the events described in paragraphs 10.8(a)(i) to 10.8(a)(viii) occurring and a Special Resolution being passed, or a written notice being given to the Issuer by Bondholders holding 75% or more in nominal value of Bonds then issued and Outstanding, directing that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become immediately due and payable;

“Final Repayment Date”

is as set out in the relevant Final Terms;

“Interest Period”

as set out in the relevant Final Terms;

“Interest Rate”

is as set out in the relevant Final Terms;

“Other Secured Bonds”

means the Series 2 Bonds, the Series 3 Bonds, the Series 4 Bonds, the Series 5 Bonds, the Series 6 Bonds, the Series 7 Bonds and any other bonds issued by the Issuer after the date of this Base Prospectus (other than the Bonds) which are expressed as being secured;

“Other Secured Bondholder”

a holder of any Other Secured Bonds;

“Outstanding”

means in relation to the Bonds, all Bonds issued and in respect of which there is for the time being an entry in the Register save for Bonds which have been redeemed or cancelled pursuant to these Terms and Conditions or the relevant Final Terms;

“redemption”

includes repayment and vice versa and the words “redeem”, “redeemable” and “redeemed” and “repay”, “repayable” and “repaid” shall be construed accordingly;

“Security”

means the Main Debenture;

“Series 3 Bond Instrument”

means the bond instrument executed by the Issuer and dated 5 November 2015 constituting the Series 3 Bonds;

“Series 4 Bond Instrument”

means the bond instrument executed by the Issuer and dated 5 November 2015 constituting the Series 4 Bonds;

“Series 5 Bond Instrument”

means the bond instrument executed by the Issuer and dated 5 November 2015 constituting the Series 5 Bonds;

“Series 6 Bond Instrument”

means the bond instrument executed by the Issuer dated 14 December 2015 as amended and restated on 8 February 2016 constituting the Series 6 Bonds;

“Series 7 Bond Instrument”

means the bond instrument executed by the Issuer dated 14 December 2015 as amended and restated on 8 February 2016 constituting the Series 7 Bonds;

“Series 2 Bond Security”

means the debenture entered into between the Issuer and the Trustee dated 29 December 2015;

“Special Resolution”

a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of these terms and conditions and carried by a majority consisting of not less than 75% of the persons voting at such meeting on a show of hands or, if a poll is demanded, by a majority consisting of not less than 75% of the votes given on such poll;

“Tax”

means all forms of taxation levy or duty whether of the United Kingdom or elsewhere;

“Trustee”

means Global Security Trustees Limited (registered no. 09846126) whose registered office is at Wellington Gate, 7-9 Church Road, Tunbridge Wells, Kent, TN1 1HT.

10.2 Bonds

- (a) The Bonds will be known by the name, series and tranche set out in the Final Terms.
- (b) The Bonds shall be issued at the Issue Price and in the specified denomination the “**Specified Denomination**”) set out in the Final terms.
- (c) Bonds shall be issued in Pounds Sterling.
- (d) The Bonds represent a secured obligation of the Issuer for the due and punctual payment of the principal and interest in respect of it and performance of all the obligations of the Issuer with respect to it.
- (e) The Bonds will rank pari passu between each other and pari passu with the Other Secured Bonds.
- (f) The Bonds Outstanding shall at all times be secured by the Security.

10.3 Form

- (a) Bonds shall be issued in fully registered and dematerialised form without interest coupons and are represented in uncertificated form by the appropriate entry in the register mentioned by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, registration numbers (in the case of companies) if the Bondholders together with particulars of the bonds held by them. A copy of a Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholder at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the electronic register of Bonds maintained by the CSD.
- (b) The CSD will issue, upon request by a Bondholder, a statement of holdings evidencing his/her/its entitlement to Bonds held in the electronic register of the CSD.

10.4 Interest

- (a) Interest will accrue on the principal amount of each Bond Outstanding from day to day at the Interest Rate from the Issue Date set out in the Final Terms.
- (b) Until a Bond shall have been redeemed, interest on the principal amount of such Bond Outstanding shall accrue from day to day at the Interest Rate in respect of the relevant Interest Period and such interest shall be payable on the final day of the relevant Interest Period.
- (c) All payments of interest to be made by the Issuer to a Bondholder in accordance with this clause shall be made without any set off or counterclaim and free and clear of and without deduction or withholding for or on account of Tax unless the Issuer is required by law to make payment subject to the deduction or withholding of Tax.
- (d) Within thirty days of payment by the Issuer hereunder of Tax or in respect of Taxes, the Company shall deliver to the Bondholder which has been affected by such deduction evidence (including all relevant tax receipts) that such tax has been duly remitted to the appropriate authority.
- (e) Any interest which falls for calculation will be calculated on the basis of a 365 or 366 day year (as the case may be).
- (f) Interest on any Bonds repaid by the Issuer in accordance with these terms and conditions shall cease to accrue as from the date of such repayment.
- (g) At any time there is any Bank Debt the Issuer may postpone the payment of any Bond Interest that is due and payable.

10.5 Redemption and payment of interest

- (a) The Issuer may at any time, having given not less than 7 days' notice of the date of such repayment to the Bondholders (on repayment of some but not all of the Bonds, such Bondholder being selected at the absolute discretion of the Issuer) repay all (but not part of) the outstanding amounts of principal of the Bonds due at such repayment date together with all interest accrued and all other sums due thereon but unpaid and all other sums due under these Terms and Conditions and the relevant Final Terms on such repayment date. Any notice given under this paragraph 10.5 shall be irrevocable.
- (b) The Company shall on the Final Repayment Date (as specified in the relevant Final Terms) in respect of a given Bond, repay all the outstanding amounts of principal of the relevant Bond due together with all interest accrued and all other sums due

thereon but unpaid and all other sums due under these Terms and Conditions and the relevant Final Terms.

- (c) All Bonds redeemed pursuant to this clause or otherwise repaid shall be cancelled and the appropriate entry shall be made in the electronic register of Bonds and the CSD and the Issuer shall not be at liberty to reissue the same.

10.6 Payments

Payment of the principal amount of the Bonds will be made by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Final Repayment Date, with interest accrued up to (but excluding) the Final Repayment Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Pounds Sterling and held with any licensed bank in the United Kingdom. Such payment shall be effected on the Final Repayment Date. The Issuer shall not be responsible for any loss or delay in transmission.

Payment of interest on the Bonds will be made to the person in whose name such Bonds are registered on the cut-off date prescribed in the Final Terms (the "**Register Cut-Off Date**") by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Pounds Sterling and held with any licensed bank in the United Kingdom.

All payments with respect to the Bonds are subject, in all cases, to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed.

Except for any charges arising out of electronic transmission of payments as these appear in the Issuer's official 'tariff of charges' (which may be published on the Issuer's website from time to time), no charges or commissions shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

10.7 Early redemption

The Final Terms may (in the discretion of the Issuer) specify terms on which a Bondholder can require the Issuer to redeem Bonds prior to the end of the relevant Term.

10.8 Default

- (a) In the event that:
 - (i) the Issuer fails to pay any amount payable under these Terms and Conditions, the relevant Final Terms, and/or the Bonds within 30 days of the due date (including any date specified for repayment by the Issuer); or
 - (ii) any representation or warranty made or repeated by the Issuer in these Terms and Conditions and/or the Bonds is or proves to have been incorrect in any material respect when made; or
 - (iii) the Issuer fails to comply with any material provision of these Terms and Conditions, the relevant Final Terms, and/or the Bonds; or
 - (iv) the Issuer defaults in the performance of any other agreement for borrowed monies so as to accelerate or render capable of acceleration the due date of repayment thereunder or such borrowed monies are not repaid in full on the

due date or repayment of any such borrowed monies is due on demand and is not paid in full forthwith on such demand being made; or

- (v) any distress, execution, attachment or other legal process affects the whole or a material part of the assets of the Issuer and is not discharged within 21 days; or
- (vi) any insolvency proceedings are commenced against the Issuer or any steps are taken with a view to proposing (under any enactment or otherwise) any kind of composition, scheme of arrangement, compromise or arrangement involving the Issuer and/or the Issuer's creditors or any class of them; or
- (vii) any steps are taken to repossess any goods of the Issuer in the possession of the Issuer under any hire purchase, conditional sale, leasing, retention of title or similar agreement; or
- (viii) the dissolution of the Issuer occurs,

the Bondholders may by Special Resolution or by written notice to the Issuer from Bondholders holding 75% or more in nominal value of the Bonds then issued and Outstanding, at any time while such event remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately. If the Bondholders give such a direction under this clause, then the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds (in each case less any applicable taxes) shall be immediately due and payable by the Issuer and the Issuer shall immediately pay or repay such amounts to the Bondholders. If a Bondholder shall waive in writing its right of repayment then the Bonds held by such Bondholder shall remain outstanding on the terms of these Terms and Conditions and the relevant Final Terms.

- (b) If any sum due and payable in respect of the Bonds by way of interest or on redemption is not paid on the due date or on any day specified, interest shall accrue on the amount due and unpaid for the period beginning on the due date and ending on the day when the amount is paid at the annual rate which is 10% above the base rate of Barclays Bank Plc ("**Default Interest**") and the Default Interest shall compound daily.

10.9 Transfer

- (a) The Bonds are freely transferable and, once admitted to the Official List of the EWSM, shall be transferable only in whole in accordance with the applicable rules and regulations.
- (b) Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

10.10 Representations and warranties

- (a) The Issuer represents and warrants that:

- (i) it is duly constituted as a public limited company and validly existing and has power to own its property and assets and carry on its business as presently conducted;
 - (ii) it has power to perform its obligations under these Terms and Conditions and all necessary action has been taken to authorise the performance of these Terms and Conditions and of any security provided;
 - (iii) these Terms and Conditions, the Final Terms and the Bonds will constitute legal, valid and binding obligations on it;
 - (iv) the performance of the Terms and Conditions, the Final Terms and the Bonds do not and shall not contravene or conflict with any law, statute, regulation or other instrument binding on the Issuer or any of its assets, or any agreement or document to which it is a party or is binding on it or any of its assets; and
 - (v) no Event of Default has occurred.
- (b) The representations and warranties contained in paragraph 10.10(a) shall be deemed repeated on each date any amount is outstanding under these Terms and Conditions and/or any Bond.

10.11 Company covenants

- (a) The undertakings in this paragraph 10.11 shall remain in force until all amounts outstanding under these Terms and Conditions and/or any Bond has been repaid in full.
- (b) The Issuer shall procure, subject to any relevant insolvency law, that all amounts raised by the Issuer pursuant to the Bonds are made available for the business of the Issuer and that the assets of the Issuer after the payment of any secured debts, creditors preferred by law and the Issuer's management fees and running costs is made available to pay the obligations of the Issuer under the Bonds in preference to all other debts of the Issuer.
- (c) No security shall be granted by the Issuer in priority to the obligations of the Issuer pursuant to the Bonds and the Security (but nothing in these Terms and Conditions or any Final Terms shall prevent the Issuer granting security which ranks equally with the obligations of the Issuer pursuant to the Bonds, the Security, the Series 2 Bonds and the Series 2 Bonds Security).

10.12 Currency of payment

Sterling is the currency of account and payment for each of every sum at any time due by the Issuer to the Bondholders or any of them under these Terms and Conditions and the Final Terms.

10.13 Unclaimed moneys

- (a) If any money should remain due to any Bondholder in respect of any Bonds after the due date for redemption of that Bond because:
 - (i) it has not been claimed by the Bondholder; or
 - (ii) any cheque or warrant in respect of it has not been presented,
 then after the expiry of six months from the due date for redemption of the Bond concerned (or at such earlier time as the Issuer may determine) the Issuer shall be at liberty to deposit the money in a bank in the name of the Bondholder concerned and upon such deposit being made the Bonds which the Issuer is ready to pay off or satisfy shall be deemed to have been paid off and satisfied in accordance with the

provisions of these Terms and Conditions and the relevant Final Terms. Thereafter, the Issuer shall not be responsible for the safe custody of such moneys or interest thereon except such interest (if any) as the said moneys may earn on deposit.

10.14 Notices

- (a) Any notice required to be given for any purpose of these Terms and Conditions shall unless otherwise provided be given by sending the notice by prepaid post addressed, in the case of a notice to the Bondholders, to each Bondholder at his registered address or, in the case of joint registered Bondholders, addressed to the Bondholder whose name stands first in the register of Bonds at the CSD at his registered address and, in the case of a notice to the Issuer, at its registered office.
- (b) Any notice served by post shall be deemed to have been served on the day following that on which it is posted and in proving such service it shall be sufficient to prove that the notice was properly addressed stamped and posted (by first class post if available).
- (c) For the avoidance of doubt, no notice shall be valid under the terms of the Terms and Conditions if served by email.

10.15 Currency conversion

In the event that (i) any currency in which any of the obligations under these Terms and Conditions or any Final Terms are denominated from time to time is changed or replaced at any time after the date of this Base Prospectus (whether as a result of the introduction of, changeover to or operation of a single or unified European currency or otherwise) and/or (ii) any price source for the Euro or the national currency of any European Union member state disappears or is replaced and/or (iii) any market conventions relating to the fixing and/or calculation of interest are changed or replaced, these Terms and Conditions and, if necessary, the relevant Final Terms, will be amended to the extent that the Issuer (acting reasonably) considers to be required in order to reflect those circumstances.

10.16 Invalidity of any provisions

If any of the provisions of the Terms and Conditions or any Final Terms shall become illegal, invalid or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be impaired.

10.17 Non-recourse

If the total of the proceeds of the issue of the Bonds and/or the Other Secured Bonds and/or amounts or assets received and/or held by the Issuer and/or the assets of the Issuer in each case allocated by the Issuer to the repayment of the Bonds and the Other Secured Bonds and/or the realisation of the Security and/or the realisation of other security granted in respect of the Bonds and/or the Other Secured Bonds are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Bonds and the Other Secured Bonds (such negative amount being referred to herein as a “**shortfall**”), the obligations of the Issuer in respect of the Bonds and the Other Secured Bonds in such circumstances will be limited to such net proceeds which shall be applied in such order as the Issuer may decide pro rata (by reference to the aggregate of the principal amount of the relevant Bond or Other Secured Bond (as applicable) and accrued interest thereon at the relevant time) in respect of each Bond and each Other Secured Bond (as applicable) held by a Bondholder or Other Secured Bondholder (as applicable). In such circumstances, no other assets of the Issuer will be available for payment of such shortfall which shall be borne pro rata (by reference to the aggregate of principal amount of the relevant Bond or Other Secured Bond (as applicable) and accrued interest thereon at the relevant time) in respect of each Bond or Other Secured Bond (as applicable) held by a Bondholder or Other Secured Bondholder (as applicable) and

the rights of the Bondholders and Other Secured Bondholders to receive any further amounts in respect of such obligations shall be extinguished and none of the Bondholders or the Other Secured Bondholders may take any further action to recover such amounts.

10.18 Meetings of bondholders

(a) Calling of meetings

The Issuer may at any time and shall on the request in writing signed by one-tenth in nominal value of the Bonds for the time being Outstanding convene a meeting of the Bondholders to be held at such place as the Issuer shall determine.

(b) Notice of meetings

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the Bondholders of any meeting of Bondholders in the manner provided in paragraph 10.14 (Notices). Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any Bondholder shall invalidate any resolution passed at any such meeting.

(c) Chairman of meetings

A person nominated by the Issuer shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be chairman. The directors and the secretary and legal advisers of the Issuer and any other person authorised in that behalf by the directors may attend at any such meeting.

(d) Quorum at meetings

At any such meeting convened for any purpose, other than the passing of a Special Resolution, a person or persons holding or representing by proxy one-tenth in nominal value of the Bonds for the time being Outstanding shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution persons (at least two in number) holding or representing by proxy a clear majority in nominal value of the Bonds for the time being Outstanding shall form a quorum. No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

(e) Absence of quorum

If within 30 minutes from the time appointed for any meeting of the Bondholders a quorum is not present the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the chairman and at such adjourned meeting two Bondholders present in person or by proxy and entitled to vote, whatever the principal amount of the Bonds held by them, shall form a quorum.

(f) Adjournment of meetings

The chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully have been transacted at the meeting from which the adjournment took place.

- (g) Notice of adjourned meetings
- Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in these Terms and Conditions. Such notice shall state that two Bondholders present in person or by proxy and entitled to vote at the adjourned meeting whatever the principal amount of the Bonds held by them shall form a quorum.
- (h) Resolution on show of hands
- Every question submitted to a meeting of Bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes the chairman shall not have a casting vote.
- (i) Demand for poll
- At any meeting of Bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman or by one or more Bondholders present in person or by proxy, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.
- (j) Manner of taking poll
- If at any such meeting a poll is so demanded it shall be taken in such manner as the chairman may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
- (k) Time for taking poll
- Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (l) Persons entitled to vote
- The registered holders of any of the Bonds or, in the case of joint holders, any one of them shall be entitled to vote in respect thereof either in person or by proxy and in the latter case as if such joint holder were solely entitled to such Bonds. If more than one of such joint holders be present at any meeting either personally or by proxy the vote of the senior who tenders a vote (seniority being determined by the order in which the joint holders are named in the register of Bonds at the CSD) shall be accepted to the exclusion of the votes of the other joint holders.
- (m) Instrument appointing proxy
- Every instrument appointing a proxy shall be in writing, signed by the appointor or his attorney or, in the case of a corporation, under its common seal, or signed by its attorney or a duly authorised officer and shall be in such form as the directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a Bondholder.
- (n) Deposit of instrument appointing proxy
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with the Issuer at its registered office or at such other

place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by the Issuer at its registered office. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

(o) Votes

On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote (provided that a proxy appointed by more than one Bondholder should only have one vote or, where the proxy has been instructed by one or more of those Bondholders to vote for the resolution and by one or more other of those Bondholders to vote against it, such proxy shall have one vote for and one vote against the resolution). On a poll every Bondholder shall have one vote for every £1,000 in nominal amount of the Bonds of which he is the holder. A Bondholder (or a proxy or representative of a Bondholder) entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

(p) Power of meetings of Bondholders

(i) In addition to any other powers it may have, a meeting of the Bondholders may, by Special Resolution:

- (1) sanction any compromise or arrangement proposed to be made between the Issuer and the Bondholders;
- (2) sanction any abrogation, modification or compromise or any arrangement in respect of the rights of the Bondholders against the Issuer or its property whether such rights shall arise under these Terms and Conditions, any Final Terms or otherwise;
- (3) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other company;
- (4) sanction any scheme or proposal for the sale or exchange of the Bonds for, or the conversion of the Bonds into, cash or shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed, and for the appointment of a person with power on behalf of the Bondholders to execute an instrument of transfer of the Bonds held by them in favour of the person to or with whom the Bonds are to be sold or exchanged (as the case may be);
- (5) assent to any modification or abrogation of the provisions contained in these Terms and Conditions or any Final Terms that shall be proposed by the Issuer and authorise the Issuer to execute any instrument or other document embodying any such modification or abrogation; and
- (6) give any authority or sanction which under the provisions of these Terms and Conditions is required to be given by Special Resolution.

- (ii) No resolution that would increase any obligation of the Issuer under these Terms and Conditions or any Final Terms or would postpone the due date for payment of any principal or interest in respect of any Bond without the consent of the Issuer shall be effective.
- (q) **Special Resolution binding on all Bondholders**

A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.
- (r) **Resolutions in writing**

A resolution in writing signed by all the holders of the Bonds for the time being Outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in these Terms and Conditions shall for all purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Bondholders.
- (s) **Minutes of meetings**

Minutes of all resolutions and proceedings at every such meeting of the Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer. Any minutes which purport to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters contained in such minutes. Unless the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and held and all resolutions passed at such meetings to have been duly passed.

10.19 Further issues in tranches, purchases and cancellation

The Issuer may, from time to time, without the consent of the Bondholders, issue further Tranches, so as to: (i) form a single Series with existing Bonds; or (ii) to constitute a new Series.

The Issuer may, at any time, purchase Bonds in the open market or otherwise and at any price. If purchases are made by tender, tenders for such Bonds must be made available to all Bondholders of the Tranche/s that are being tendered for.

10.20 Final terms

These Terms and Conditions shall be completed in relation to any Series of Bonds by the terms of the relevant Final Terms in relation to such Series.

10.21 Notices

All notices concerning the Bonds will be made by means of electronic publication on the website of the EWSM (www.ewsm.eu), or, in addition and at the option of the Issuer, on the website of the Issuer (www.londoncapitalandfinance.co.uk). Any notice so given will be deemed to have been validly given on the date of such publication. Furthermore, Bondholders may request that any such notices be sent by post to the address contained in the register of Bondholders maintained by the CSD on behalf of the Issuer.

10.22 Method of publication of the Base Prospectus and of the Final Terms

This Base Prospectus will be published on the websites of: (a) the Listing Authority (www.mfsa.com.mt) during a period of twelve (12) months from the date of this Base Prospectus; and (b) the Issuer (www.londoncapitalandfinance.co.uk). The Final Terms related to Bonds admitted to trading on the EWSM will be published on the websites of: (a) the Listing Authority (www.mfsa.com.mt); and (b) the Issuer (www.londoncapitalandfinance.co.uk).

10.23 Governing law

These Terms and Conditions, being Final Terms and the Bonds shall be construed in accordance with and be subject to the law of England.

11 DEFINITIONS

All terms not otherwise defined in this Base Prospectus shall have the meaning as set out in the “**Terms and Conditions**” of the Bonds. In addition to the defined terms used in the section of this Base Prospectus entitled “**Terms and Conditions**”, the following capitalised terms shall have the meaning attributed hereunder:

“Amending Directive”

has the meaning given on page 11;

“Applicant”

an applicant for the subscription of Bonds;

“Base Prospectus”

means this base prospectus;

“Bonds”

the secured bonds issued or to be issued in terms of the Programme;

“Bondholder/s”

the holder/s of Bonds issued under the Programme;

“CSD”

the central securities depository of the MSE established pursuant to article 24 of the Financial Markets Act (Cap. 345, laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta VLT 1063;

“Deed of Priority”

has the meaning given on page 25;

“Directors” or “Board of Directors” or “Board”

the directors of the Issuer;

“Euro” or “€”

the lawful currency of the Eurozone;

“EWSM”

the European Wholesale Securities Market, a regulated market supervised by the Listing Authority;

“Exempt Persons”

has the meaning given on page 2;

“Final Terms”

final terms issued by the Issuer from time to time in the form set out in Annex 1 to this Base Prospectus;

“First Lender’s Debt”

has the meaning given on page 26;

“FPO”

has the meaning given on page 1;

“FSCS”

has the meaning given on page 8;

“Interest Commencement Date”

the Issue Date or such other date as may be specified in the relevant Final Terms;

“Issue Date/s”

the date on which each Tranche of Bonds will be issued, details of which will be specified in the relevant Final Terms;

“Issue Price/s”

the price at which each Tranche of Bonds is issued, details of which will be specified in the relevant Final Terms;

“Issuer” or “LCF”

London Capital & Finance Plc;

“Legal Advisor to the Issuer”

Lewis Silkin LLP of 5 Chancery Lane, Clifford’s Inn, London EC4A 1BL;

“Listing Agent”

means Irish Stock Exchange Services Limited (trading as ISE Listing Services) of 28 Anglesea Street, Dublin 2, Ireland;

“Listing Authority”

the MFSA;

“Listing Rules”

the listing rules issued by the Listing Authority (as may be amended from time to time) setting out, amongst other things, the procedures, formalities and requirements prescribed in connection with a listing on the EWSM;

“Main Debenture”

has the meaning given on page 25;

“Main Security Trust Deed”

has the meaning given on page 25;

“MFSA”

the Malta Financial Services Authority;

“Other Secured Bonds”

has the meaning given on page 10;

“Pounds Sterling” or “£”

the lawful currency of the United Kingdom;

“Programme” or “Secured Bond Issuance Programme”

the secured bond issuance programme of a maximum of £100,000,000 being made by the Issuer pursuant to this Base Prospectus;

“Prospectus Directive”

Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010;

“Reference Document/s”

any supplement to the Base Prospectus, together with any document incorporated by reference;

“Regulated Market”

a multilateral system operated by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the system within the meaning of the Directive 2004/39/EC. For the purposes of this definition, “buying and selling interests” includes orders, quotes and indications of interest;

“Relevant Persons”

has the meaning given on page 2;

“Savings Directive”

has the meaning given on page 11;

“Second Lender’s Debt”

has the meaning given on page 26;

“Series”

one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for Issue Dates, Interest Commencement Dates and/or Issue Prices;

“Series 1 Bonds”

has the meaning given on page 19;

“Series 2 Bonds”

has the meaning given on page 19;

“Series 2 Debenture”

has the meaning given on page 25;

“Series 2 Security Trust Deed”

has the meaning given on page 25;

“Series 3 Bonds”

has the meaning given on page 19;

“Series 4 Bonds”

has the meaning given on page 19;

“Series 5 Bonds”

has the meaning given on page 19;

“Series 6 Bonds”

has the meaning given on page 20;

“Series 7 Bonds”

has the meaning given on page 20;

“SIPP”

has the meaning given on page 27;

“SSAS”

has the meaning given on page 27;

“Term”

the term for which each Tranche of Bonds will remain outstanding until the Company is required to redeem them at maturity, details of which will be set out in the relevant Final Terms;

“Tranche”

each tranche of Bonds identical in all respects, except for denomination, Issue Dates, Interest Commencement Dates, Term and/or Issue Prices, issued in accordance with the provisions of this Base Prospectus as may be amended or supplemented from time to time and the relevant Final Terms.

ANNEX 1

FORM OF FINAL TERMS

Final Terms dated [●]

SECURED BOND ISSUANCE PROGRAMME

SERIES NO: [●] TRANCHE NO: [●]

[BRIEF DESCRIPTION AND AMOUNT OF BONDS]

ISSUED BY: LONDON CAPITAL & FINANCE PLC (THE “ISSUER”)

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 18th October 2016 which was approved by the Listing Authority in Malta on 18th October 2016 [and the Supplement to the Base Prospectus dated [●] which [together]¹ constitute[s] a base prospectus for the purposes of the Prospectus Directive.

This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5(4) of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]¹. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus [and the Supplement to the Base Prospectus]¹[is] [are]¹ available for viewing at the office of the Issuer and on the websites of: (a) the Listing Authority during a period of twelve months from the date of approval of the Base Prospectus; and (b) the Issuer (www.londoncapitalandfinance.com) and copies may be obtained free of charge from the registered office of the Issuer: The Old Coach House, Eridge Park , Eridge Green, Tunbridge Wells, Kent, TN3 9JS, UK

¹Delete if no Supplement has been published

1.	Issuer	London Capital & Finance Plc
2.	Name	[●]
3.	Series Number	[●]
4.	Tranche Number	[●]
5.	Aggregate nominal amount:	[●]
	(i) Series	[●]
	(ii) Tranche	[●]
6.	Issue Price of Tranche	[●]
7.	Specified Denomination (subject each case to the denomination of a Bond	[●]

	not being less than £100,000)	
8.	Issue Date	[●]
9.	Final Repayment Date	[●]
10.	Register Cut-Off Date	[●]
11.	Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated [●]
12.	Right of Bondholder to require the Issuer to redeem Bonds prior to the Final Repayment Date	[●]

1 INTEREST

12.	Interest rate	[●] per cent per annum
13.	Interest Period	[●]

2 PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the EWSM of the Bonds described herein pursuant to the Secured Bond Issuance Programme of the Issuer dated [●] 2016.

3 RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of London Capital & Finance Plc

Duly represented by: [●]

PART B – OTHER INFORMATION

Key information

Interest of natural and legal persons involved in the issue

[A description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and nature of the interest.]

Information concerning the securities to be admitted to trading

ISIN or other security identification code	[●]
If securities are in book entry form, name and address of entity in charge of keeping the records	[●]
Date from which interest becomes payable	[●]
Due dates for interest	[●]
Time limit on the validity of claims to interest and repayment of principal	[●]
Yield	[●]
Method of calculating yield	[●]
Resolutions, authorisations and approvals by virtue of which the securities have been created and/or issued	[●]

Admission to trading and dealing arrangements

Market where the securities will be traded	[●]
Date on which the securities will be admitted to trading	[●]
Paying agents	[●]
Depository agents	[●]

Expenses of the admission to trading

Estimated total expenses related to admission to trading	[●]
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Additional information

Advisors	[●]
Credit ratings assigned to the issuer at the request or with the co-operation of the issuer in the rating process	[●]

[Where information has been sourced from a third party, provide confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[In addition, the Issuer shall identify the sources of the information.]