



# Orchard Bond Finance PLC

## 6.25% Bonds Due 2027

Offer of sterling denominated bonds by Orchard Bond Finance PLC at a fixed interest rate of 6.25% per annum with a partial guarantee from Orchard Funding Group PLC (limited to 10% of the face value of the outstanding bonds)

9 February 2022

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### Initial Authorised Offerors

#### AJ Bell Youinvest

[www.youinvest.co.uk](http://www.youinvest.co.uk)

#### Arnold Stansby & Co

[www.arnold-stansby.co.uk](http://www.arnold-stansby.co.uk)

#### Canaccord Genuity

(Billing & Delivery)

[www.cgf.com](http://www.cgf.com)

#### Equiniti

[www.eqj.co.uk](http://www.eqj.co.uk)

#### Guy Butler

[www.guybutler.co.uk](http://www.guybutler.co.uk)

#### Hedley & Co

[www.hedleyandco.co.uk](http://www.hedleyandco.co.uk)

#### Interactive Investor

[www.ii.co.uk](http://www.ii.co.uk)

#### iDealing.com

[www.idealing.com](http://www.idealing.com)

#### PrimaryBid

[www.primarybid.com](http://www.primarybid.com)

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### Convexity Capital, Lead Manager

[www.convexity-capital.com](http://www.convexity-capital.com)

### This is an advertisement and not a prospectus.

The Prospectus (as defined herein) is available on the website of Orchard Funding Group PLC ([www.orchardfundinggroupplc.com/bonds](http://www.orchardfundinggroupplc.com/bonds)). The Prospectus has been approved by the Financial Conduct Authority (the "FCA") as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act (the "EUWA") (the "UK Prospectus Regulation").

The FCA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation.

Such approval should not be considered as an endorsement of Orchard Bond Finance PLC, or the quality of the Bonds that are the subject of the Prospectus.

Potential investors should read the Prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Bonds.

Any decision to invest in the Bonds should be made solely on the basis of a careful review of the Prospectus.

**You should be aware that you could get back less than you invested or lose your entire initial investment.**

## Important information

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This information is a financial promotion and is not intended to be investment advice. Nor is it an offer for the sale of subscription of any Bonds.

This Information Booklet is an advertisement within the meaning of Article 2(k) of the UK Prospectus Regulation and is not a prospectus for the purposes of the UK Prospectus Regulation.

Orchard Bond Finance PLC (the "Issuer") is the legal entity that will issue the Bonds (the meaning of that term is explained below). This Information Booklet is a financial promotion made and approved by the Issuer solely for the purposes of section 21(2) (b) of the Financial Services and Markets Act 2000 ("FSMA").

Orchard Bond Finance PLC (incorporated in England No. 07365926), whose registered office is 721 Capability Green, Luton, LU1 3PE is authorised and regulated by the FCA.

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.

Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.

This Information Booklet is not an offer for the subscription or sale of the Bonds (as defined in the following paragraph). This Information Booklet relates to the Orchard Bond Finance PLC 6.25% fixed rate Bonds due 2027 (referred to in this Information Booklet as the "Bonds"). A prospectus dated 9 February 2022 (the "Prospectus") has been prepared and made available to the public in accordance with the Prospectus Regulation. Copies of the Prospectus are available from the website of Orchard Funding Group PLC ([www.orchardfundinggroupplc.com/bonds](http://www.orchardfundinggroupplc.com/bonds)). Your Authorised Offeror will provide you with a copy of the Prospectus.

This Information Booklet should not be relied on for making any investment decision in relation to the purchase of the Bonds. Any investment decision should be made solely on the basis of a careful review of the Prospectus. Please therefore read the Prospectus carefully before you invest. You should ensure that you understand and accept the risks relating to an investment in the Bonds before making such an investment. You should seek your own professional investment, legal and tax advice as to whether an investment in the Bonds is suitable for you.

This Information Booklet is not for distribution in the United States of America or to U.S. persons. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, and the Bonds, which are in registered form, are subject to certain U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons.

Subject to certain exceptions, the Bonds may only be offered in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period referred to below. In those jurisdictions, offers of the Bonds must also comply with applicable rules and regulations. You are referred to the sections headed "Offering Information" and "Subscription and Sale" in the Prospectus on pages 73 and 79 respectively.

## Orchard Bond Finance PLC 6.25% Bonds due 2027

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The Orchard Bond Finance PLC 6.25% fixed rate Bonds due 2027 pay interest of 6.25% per annum on the face value of £100 per Bond until the Maturity Date (as defined below). The Bonds will be issued by the Issuer and certain Bonds may be immediately purchased by the Issuer on the Issue Date (as described in the section headed “Retained Bonds” below). The proceeds of the Bonds (including, if applicable, the proceeds of any Retained Bonds (as defined below) sold to any third party from time to time) will be used by the Issuer to acquire existing group loans or fund new loans.

The Bonds are expected to be repaid on 2 June 2027 (the “Maturity Date”).

Interest will be paid in two equal half-yearly instalments on 2 June and 2 December every year (with the first payment being on 2 December 2022) up to and including the Maturity Date unless the Bonds have previously been redeemed, purchased or cancelled. On the Maturity Date (i.e. 2 June 2027) the Issuer is required to repay an amount equal to the face value of the Bonds (i.e. £100 for each Bond) and any accrued interest unless the Bonds have previously been redeemed or purchased and cancelled.

If any Retained Bonds are issued, no payments of interest will be made in relation to such Retained Bonds and the Issuer will not repay any amounts in respect of such Retained Bonds on the Maturity Date.

**If the Issuer goes out of business or if the Issuer becomes insolvent before the Maturity Date (as the case may be), you may lose some or all of your investment.**

The only way to purchase these Bonds is through a stockbroker or other financial intermediary that has been granted consent by the Issuer to use the Prospectus (an “Authorised Offeror”). Contact your stockbroker or other financial intermediary today, or any of those listed in the “Authorised Offerors” section of this document on page 16 if you wish to purchase these Bonds. The minimum initial amount of Bonds you may buy is £2,000. Purchases of greater than £2,000 must be in multiples of £100. After the initial purchase of Bonds, the Bonds can be bought and sold in multiples of £100.

Your Authorised Offeror will provide you with a copy of the Prospectus. You are referred to the section headed “Important Information” on page 2 of this document.

## Orchard Bond Finance PLC 6.25% Bonds due 2027

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### What is a bond?

A fixed rate bond is a form of borrowing by a company seeking to raise funds from investors. The Bonds have a fixed life. The company promises to pay a fixed rate of interest to the investor until the date that the bond matures (i.e. in the case of the Bonds, the Maturity Date, although a bond may also become repayable early in certain circumstances, when it also promises to repay the amount borrowed.

A bond is a tradable instrument; you do not have to keep the Bonds until the date when they mature. The market price of a bond will vary between the start of a bond's life and the date when it matures. You are referred to the sections headed "Key Risks of Investing in the Bonds" on pages 7 to 8, and "Further Information – How to trade the Bonds" on page 14 of this document.

### What is a Retained Bond?

When the Bonds are issued, the Issuer may immediately purchase some of the Bonds (any such Bonds so purchased, the "Retained Bonds"). The aggregate amount (if any) of such Retained Bonds will be specified in the issue size announcement published by the Issuer following the End of Offer Date (as defined below).

Any Retained Bonds issued will be held on behalf of the Issuer by a custodian until a later date, when, following agreement with the Issuer, the Issuer may sell some or all of such Retained Bonds to a third party in the market or by private treaty on the basis that no Retained Bonds will be sold unless they receive the same tax treatment as the Bonds.

Any Retained Bonds shall, following a sale to any third party from time to time, cease to be Retained Bonds to the extent of and upon such sale or disposal. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same Terms and Conditions as other Bonds.

### Interest on the Bonds

The level of interest payable on the Bonds is fixed until the Maturity Date when the Bonds are issued. The rate of interest on the Bonds is 6.25% per annum until the Maturity Date.

Except for the first interest payment (which will cover a nine month period from the Issue Date to the first coupon date of 2 December 2022), for every £2,000 face value of Bonds held (i.e. the minimum initial amount of Bonds you may buy), the Issuer will pay interest of £62.50 twice a year until the Maturity Date starting on 2 June 2023. No payments of interest will be made in relation to any Retained Bonds.

If Orchard Funding Group PLC (the parent of the Orchard Group) or Issuer go out of business or become insolvent before the Maturity Date, you may lose some or all of your investment. Please see "Key Features of the Bonds" and "Key Risks of Investing in the Bonds" on pages 5-6 and 7-8 of this booklet respectively.

### Redemption of the Bonds on the Maturity Date

Provided that Orchard Bond Finance PLC (the Issuer) and Orchard Funding Group PLC (the Guarantor) do not go out of business or become insolvent before the Maturity Date, and provided that the Bonds have not previously been redeemed or purchased or cancelled, the Bonds will be redeemed at 100% of their face value (i.e. £100 on the Maturity Date (i.e. 2 June 2027).

### Early redemption due to changes in relevant taxation laws

In the event of any change in, amendment to, or any change in the UK that would result in the Issuer being required to pay additional amounts in respect of the Bonds, the Bonds may be redeemed early (in whole but not in part) in certain circumstances at the Issuer's option at 100% of their face value (i.e. £100) plus accrued interest as set out in "Redemption for taxation reasons" in the "Terms and Conditions of the Bonds" at page 66 of the Prospectus.

## Key features of the Bonds

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**Issuer:** Orchard Bond Finance plc

**Guarantor:** Orchard Funding Group PLC. The Guarantor is the AIM-listed holding company of the Orchard group of companies and with the Issuer and its other subsidiaries, Orchard Funding Limited, Orchard Finance Limited and Bexhill UK Limited which together comprise the "Group".

**Form of Guarantee:** The Issuer's payment obligations under the Bonds are guaranteed, subject to a limit of payments under the guarantee equal to 10% of the face value of the Bonds then in issue (the "Partial 10% Guarantee"), by the Issuer's parent company Orchard Funding Group PLC (the "Guarantor").

**Interest rate:** 6.25 per cent. per annum. Your actual return will depend on the price at which you acquire the Bonds (if different from their face value of £100) and, if you do not hold the Bonds until maturity, the price at which you sell your Bonds.

**Interest payments:** The first interest payment will be made on 2 December and will cover the nine month period from the Issue Date to the first coupon payment date. Thereafter interest will be paid in two equal instalments on 2 June and 2 December in each year, up to and including the Maturity Date (i.e. 2 June 2027).

**Offer period:** The Bonds are available for purchase through your stockbroker or other financial intermediary in the period from the date of this Information Booklet until 12 noon on 23 February 2022 (London time) or such earlier time and date as determined by the Issuer and announced via a Regulatory Information Service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the "End of Offer Date").

**Security:** The Notes will be secured by way of a floating charge over all the assets of the Issuer. For more details of the secured charge, see "First Floating Charge" in Section 3 of the "Terms and Conditions of the Bonds", on page 62 of the Prospectus.

**Authorised Offerors:** A number of authorised offerors (listed on page 16 of this Information Booklet) have been given consent by the Issuer to provide this Information Booklet and the Prospectus to potential investors in the Bonds until the End of Offer Date. The Issuer has also granted its consent for other financial intermediaries to use the Prospectus for the purposes of making offers of the Bonds to potential investors in the United Kingdom, Jersey and Guernsey and the Isle of Man. The conditions attached to this consent and the selling restrictions are set out in the section headed "Offering Information" on page 75 onwards and "Subscription and Sale" on page 79 onwards of the Prospectus. **Any offer to sell the Bonds made or received from any other party, or by any party after the End of Offer Date, may not have been approved by the Issuer and you should check with such party whether or not such party is so approved.**

**Date on which the Bonds are expected to be issued and on which interest begins to accrue:** 2 March 2022

**Term of the Bonds:** 5 years and 3 months

**Maturity Date, (i.e. when the Bonds mature and are repayable):** 2 June 2027

**Face value of each Bond:** £100. Although the face value of each Bond is £100, it is not possible to purchase less than £2,000 during the Offer Period. In the secondary market (i.e. after the issue date of the Bonds), it should be possible to purchase and sell the Bonds in whole multiples of £100.

**Issue price:** 100 per cent. of the face value of each Bond (i.e. £100)

**Negative pledge:** The Floating Charge contains a negative pledge forbidding the Issuer from granting any security which ranks in priority to the Security Trustee's (acting for the Bondholders) interest under the Floating Charge without the prior consent of the Bondholders.

## Key features of the Bonds

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**Covenants:** The terms of the Bonds contain covenants including a **Consolidated Interest Cover Covenant**. Terms of these and other covenants are defined in the paragraph **“Financial and Other Covenants”** (page 64) in the section **“Terms and Conditions of the Bonds”** in the Prospectus).

**Redemption at Maturity:** Provided that Orchard Bond Finance PLC as issuer or Orchard Funding Group PLC as guarantor do not go out of business or become insolvent, and provided that the Bonds have not previously been redeemed or purchased and cancelled early by Orchard Bond Finance PLC, the Bonds will be redeemed at 100 per cent of their face value on the Maturity Date (i.e. 2 June 2027).

**Early Redemption due to change in relevant taxation laws:** In the event of any change in, amendment to, or any change in the interpretation of taxation law in the UK that would result in Orchard Bond Finance PLC being required to pay additional amounts in respect of the Bonds, the Bonds may be redeemed early (in whole but not in part) in certain circumstances at Orchard Bond Finance PLC’s option at 100 per cent. of their face value plus accrued interest as set out in “Redemption for taxation reasons” in the “Terms and Conditions of the Bonds” at page 66 of the Prospectus.

**Trading:** Investors will, subject to market conditions, be able to buy Bonds or sell their Bonds during the life of the Bonds. See the **“Key Risks of Investing in the Bonds”** and **“Further Information - How to trade the Bonds”** sections on pages 7-8 and 15 respectively of this Information Booklet for more details.

**Bond ISIN:** GBO0BMBV8F68

**Amount of Bonds to be issued:** The total amount of the Bonds to be issued will depend on the demand received from applicants for the Bonds before the End of Offer Date.

**Listing:** the Bonds are expected to be eligible for the London Stock Exchange’s electronic Order Book for Fixed Income Securities (**“OFIS”**).

**Lead Manager:** Convexity Capital

**You are referred to the sections headed “Important Notice” starting on page 2 and “Risk Factors” starting on page 13 of the Prospectus.**

**A copy of the Prospectus should have been provided to you by your stockbroker or financial adviser and is available at [www.orchardfundinggroupplc.com/bonds](http://www.orchardfundinggroupplc.com/bonds)**

## Key risks of investing in the Bonds

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A number of particularly important risks relating to an investment in the Bonds are set out below. The risks set out below are not intended to be a comprehensive list of all the risks that may apply to an investment in the Bonds. You should seek your own independent professional investment, legal and tax advice as to whether an investment in the Bonds is suitable for you.

Full risk factors relating to the Issuer, the Bonds and the Guarantor's business are presented beginning on page 13 of the Prospectus – you should read the Prospectus and any investment decision must be based only on the information in the Prospectus.

**You should be aware that you could get back less than you invest or lose your entire initial investment.**

- The Bonds are not protected by the Financial Services Compensation Scheme ("FSCS"). Unlike a bank deposit, the Bonds are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer, the Guarantor or the Orchard Group as a whole.
- The Issuer was incorporated in 2010 but has not yet undertaken any substantive trading activity to date. The Issuer's only source of income, therefore, will be monies received from customers either as fees, interest or the return of principal in relation to its lending activities. Consequently, the Issuer, and therefore payments by the Issuer in respect of the Bonds, will be subject to the credit risk of its customers.
- The Issuer's obligations to Bondholders in respect of payments of amounts in respect of the Bonds will be supported by the partial guarantee, limited to 10% of the face value of the Bonds, to be given by the Guarantor and the security granted over the Issuer's assets in favour of the Security Trustee but neither of these removes all risk of non-payment of interest or capital to Bondholders.
- The Issuer can give no assurance as to how long it will take it to invest any or all of the net proceeds from issuance of any Bonds and the longer the period the greater the likely adverse effect on the Issuer's ability to meet payments (of capital or interest) due under the Bonds.
- The Issuer has no employees other than its Directors (who are also Directors of the Guarantor) and is therefore substantially reliant upon the strategy decided and acted upon by the Group and on the retention of its key managers which cannot be guaranteed.
- General market conditions, including further falls in lending activity due to COVID-19 and other macro-economic factors, may mean the Issuer's income may fall and it may not be able to meet its interest and principal payments when they fall due.
- If you choose to sell your Bonds at any time prior to the Maturity Date, the price you receive from a purchaser could be less than your original investment. Factors that will influence the market price of the Bonds include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the financial position of Orchard Bond Finance PLC. In particular, you should note that: if interest rates start to rise, then the income to be paid by the Bonds might become less attractive on a relative basis and the price you get if you sell is likely to fall. However, the market price of the Bonds has no effect on the income you receive or what you get back on maturity of the Bonds if you hold on to the Bonds for their full term.

## Key risks of investing in the Bonds (continued)

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A number of particularly important risks relating to an investment in the Bonds are set out below. The risks set out below are not intended to be a comprehensive list of all the risks that may apply to an investment in the Bonds. You should seek your own independent professional investment, legal and tax advice as to whether an investment in the Bonds is suitable for you.

Full risk factors relating to the Issuer, the Bonds and the Guarantor's business are presented beginning on page 13 of the Prospectus – you should read the Prospectus and any investment decision must be based only on the information in the Prospectus.

**You should be aware that you could get back less than you invest or lose your entire initial investment.**

- There is no guarantee of what the market price for selling or buying the Bonds will be at any time or that a liquid secondary market will develop. If prevailing market conditions reduce market demand for the Bonds, you may not be able to sell your Bonds as easily, or at the price you paid for them. Whilst the Issuer will make an application for the Bonds to be admitted to the London Stock Exchange's OFIS, and one or more market makers may be appointed in respect of the Bonds, there can be no guarantee that a significant market in the Bonds will develop. The market-maker may not continue to act as a market-maker for the life of the relevant Bonds. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on an Investor's ability to sell the relevant Bonds. (See "Further Information – How to trade the Bonds" on page 15 of this Information Booklet).
- If you invest at a price other than the face value of the Bonds, the overall return or 'yield' on the investment will be different from the headline yield on the Bonds. The headline indication of yield applies only to investments made at (rather than above or below) the face value of the Bonds.



## The Issuer, the Parent/Guarantor and Orchard Group information

You should refer to the section headed "Description of the Issuer" beginning on page 38 and the section headed "Business of the Orchard Group" beginning on page 45 of the Prospectus for full information about the Issuer and the Orchard Group.

### Who is the Issuer of the Bonds?

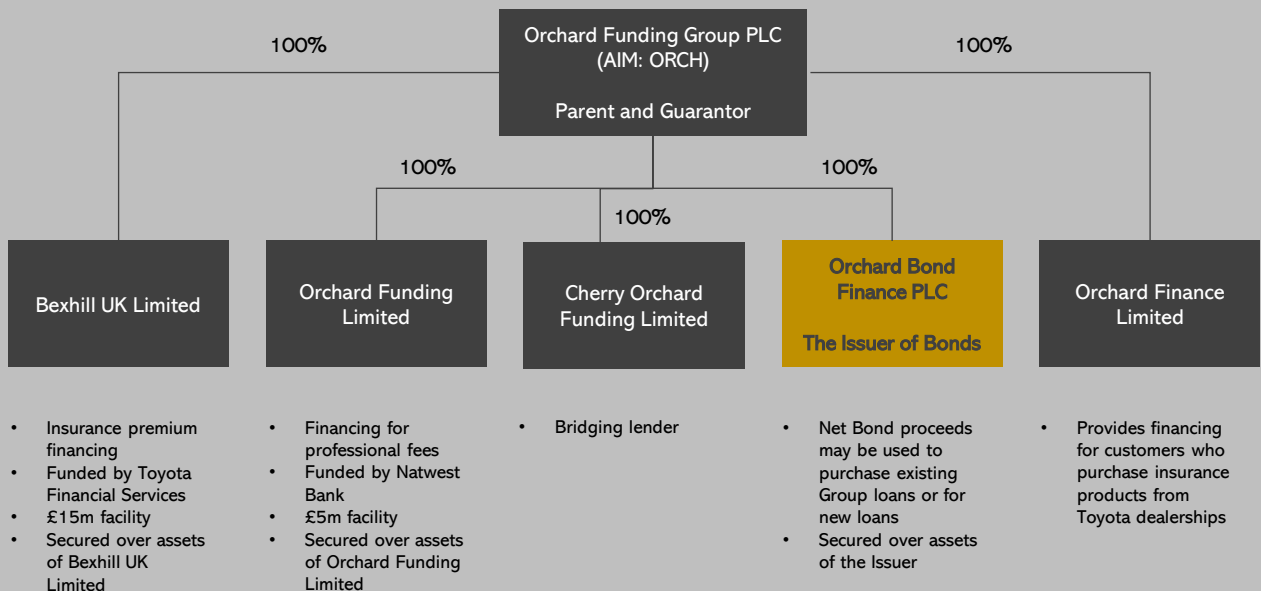
The issuer of the Bonds is Orchard Bond Finance PLC, a public limited company incorporated on 6 September 2010 (with the name CRM Associated Limited) and domiciled in England and Wales with registered number 07365926. The Issuer re-registered as a public limited company on 29 September 2021. The Issuer is a wholly owned subsidiary of the group parent and the Guarantor (see below).

### Who is the Parent/Partial Guarantor of the Bonds?

The Parent/Partial Guarantor of the Bonds is Orchard Funding Group PLC, a public limited company incorporated on 2 June 2015 and domiciled in England and Wales with registered number 09618919 (the "Guarantor"). The Guarantor is an AIM listed company which, through its wholly-owned subsidiaries Bexhill UK Limited, Orchard Funding Limited, Orchard Finance Limited, Cherry Orchard Funding Limited and the Issuer, (together "the Group") specialise in insurance premium finance, professional fee funding and finance for other service fees.

### Which companies form the Orchard Group?

The parent company (Orchard Funding Group PLC) has five wholly-owned subsidiaries: (1) the Issuer, (2) Orchard Funding Limited (company number: 06656377), (3) Orchard Finance Limited (company number: 07074570), (4) Bexhill UK Limited (company number: 03987793) and Cherry Orchard Funding Limited (company number: 12502698) which together comprise the "Group". The structure of the Group is shown below.



## The Issuer, the Parent/Guarantor and Orchard Group information

(continued)

### Overview of the Orchard Group

The Group has been trading since 2002 and has lent over £680 million at its last year end; over £380 million since listing on AIM in 2015. The Parent/Guarantor through its wholly-owned subsidiaries, Bexhill UK Limited, Orchard Funding, Orchard Finance and the Issuer is a finance company that specialises in insurance premium finance, professional fee funding and other specialist lending markets. Below, is a brief overview of each operating subsidiary other than the Issuer:

- **Bexhill UK Limited** provides financing for insurance premiums for clients of insurance brokers;
- **Cherry Orchard Funding Limited** is a recently established specialist bridging lender;
- **Orchard Funding**, provides financing for professional fees for clients of professional service firms such as accountants and lawyers;
- **Orchard Finance** which provides finance to customers of Toyota who purchase insurance products from Toyota dealerships.

### The Orchard Funding Group PLC share placing on AIM

In 2015, the Parent/Guarantor raised £10.0 million (before expenses) by the issue of 10,416,667 Ordinary Shares pursuant to a placing programme and AIM listing. The net proceeds of the placing were used to provide capital for lending to its clients and to optimise the Group's capital structure through the repayment of a c.£5.0m debt facility. Trading commenced in the Guarantor's Ordinary Shares on 1 July 2015.

### Current performance of the Orchard Group

In the full year to 31 July 2021, the Group lent c. £61 million, generated total income of £4.6 million and produced operating profit of £1.1 million. Lending volume for the FY2021 period (to 31 July 2021) declined by around 11% from £65 million compared to the same period in 2020.

### Current funding of the Group's activities

During the financial year to 31 July 2021 the Group successfully refinanced and lowered the cost of its two borrowing facilities that had been provided by Barclays Bank PLC and Conister Bank.

As announced on 26 April 2021, the National Westminster Bank PLC provided a £5 million facility to the Group subsidiary Orchard Funding Limited in replacement of a £2 million facility previously in place from Conister Bank.

As announced on 16 June 2021 the Barclays Bank facility provided to Bexhill was refinanced by Toyota Financial Services (UK) PLC.

The total amount of available banking facilities to the Company is now £20m.

Currently, the Parent/Guarantor does not provide a guarantee to either Natwest Bank or Toyota Financial Services.

### Purpose of the Issuer

The Parent/Guarantor has established the Issuer to:

- raise longer dated debt finance than offered by banks;
- diversify away from traditional bank lenders and;
- to access capital that will help the business grow its existing markets and establish and grow newer markets that require longer dated funding.

The Notes will be secured by way of a floating charge over all the assets of the Issuer; for more details of the secured charge, see "First Floating Charge" in Section 3 of the "Terms and Conditions of the Bonds", on page 60 of the Prospectus. The Bonds will have a maturity of just over five years, compared to the revolving 12-month facilities provided by the current lenders.

The longer dated nature of the Bonds means that the Issuer and the Group will not need to renegotiate the terms of the Notes every year and this will reduce the cost and time that is often associated with refinancing bank facilities.

## Summary Group key performance indicators

You should refer to the sections headed “Business of the Orchard Group” on pages 45 to 59 of the Prospectus for more financial information about the Parent/Guarantor and the Orchard Group. Also, you should refer to the audited accounts of the Parent. All audited accounts are available in full from the Reports and Accounts section of the Orchard Funding Group PLC website at [www.orchardfundinggroupplc.com/annual-report-and-accounts](http://www.orchardfundinggroupplc.com/annual-report-and-accounts)

The total principal amount of loans provided by the Group between FY2016 to FY2021 is over £380 million.

Since first lending in 2002 (and to the period ending 31 July 2021), the Group has lent over £680 million. The lending volume for the most recent complete full year (to 31 July 2021) was c. £61.02 million compared with £65.53 million (the fall being attributed to the impact of COVID-19) in the previous year.

### Audited key performance indicators: Full Year to 31 July 2016 to Full Year 31 July 2021

Key Performance indicators (in £millions unless otherwise stated)	Full Year 2021	Full Year 2020	Full Year 2019	Full Year 2018	Full Year 2017	Full Year 2016
Lending volume	£61.02	£65.53	£72.99	£68.73	£66.35	£48.56
Average interest earning assets	£28.59	£29.72	£31.54	£29.68	£25.11	£19.79
Total revenue	£4.60	£5.28	£5.48	£5.17	£4.55	£3.46
Average external funding	£9.28	£12.82	£14.35	£13.16	£11.49	£8.11
Cost of external funds	£0.56	£0.62	£0.70	£0.63	£0.49	£0.43
Cost of funds/funds ratio	6.03%	4.84%	4.88%	4.79%	4.26%	5.30%
Own resources (net current financial assets)	£14.20	£15.50	£14.82	£13.94	£13.03	£12.21
Operating costs	£2.52	£2.44	£2.20	£1.92	£2.01	£1.54

## Guarantor's consolidated Balance Sheet

You should refer to the sections headed "Business of the Orchard Group" on pages 45 to 59 of the Prospectus for more financial information about the Parent/Guarantor and the Orchard Group.

The following data has been extracted from audited accounts for the full year periods ending 31 July for 2019 – 2021. All audited and unaudited accounts are available in full from the Reports and Accounts section of the Orchard Funding Group PLC website at [www.orchardfundinggroupplc.com/annual-report-and-accounts](http://www.orchardfundinggroupplc.com/annual-report-and-accounts)

### Audited full year data for the period 2019 - 2021 (all data in £millions)

#### Guarantor's consolidated statement of financial position – Assets

	Audited year ended 31/07/21	Audited year ended 31/07/20	Audited year ended 31/07/19
	£'000	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	23	39	29
Rights of use assets	56	96	58
Intangible assets	4	16	42
Deferred tax asset	-	6	10
Investment at FV through profit and loss	81	6	6
Loans to customers	2,257	-	-
Other receivables	-	7	12
<b>Current Assets</b>			
Loans to customers	27,616	27,300	32,141
Other receivable and prepayments	233	120	156
Cash and equivalents: Bank balances	2,170	2,300	2,139
<b>Total Assets</b>	<b>32,440</b>	<b>29,890</b>	<b>34,593</b>

#### Guarantor's consolidated statement of financial position – Liabilities and equity

	Audited year ended 31/07/21	Audited year ended 31/07/20	Audited year ended 31/07/19
	£'000	£'000	£'000
<b>Current liabilities</b>			
Trade and other payables	4,182	2,939	3,015
Borrowings	11,439	11,004	16,218
Tax payable	138	273	370
<b>Non-current liabilities</b>			
Borrowings	878	72	15
Deferred tax liabilities	3	-	5
<b>Total Liabilities</b>	<b>16,640</b>	<b>14,288</b>	<b>19,623</b>
<b>Equity attributable to owners of the Guarantor</b>			
Called up share capital	214	214	214
Share premium	8,692	8,692	8,692
Merger reserve	891	891	891
Retained earnings	6,003	5,805	5,173
<b>Total Equity</b>	<b>15,800</b>	<b>15,602</b>	<b>14,970</b>
<b>Total Equity and Liabilities</b>	<b>32,440</b>	<b>29,890</b>	<b>34,593</b>

## Guarantor's consolidated Income Statement and Cash Flow

You should refer to the sections headed "Business of the Orchard Group" on pages 45 to 59 of the Prospectus for more financial information about the Parent/Guarantor and the Orchard Group. The following data has been extracted from audited accounts for the full year periods ending 31 July for 2019 – 31 July 2021. All audited and unaudited accounts are available in full from the Reports and Accounts section of the Orchard Funding Group PLC website at [www.orchardfundinggroupplc.com/annual-report-and-accounts](http://www.orchardfundinggroupplc.com/annual-report-and-accounts)

### Guarantor's consolidated income statement

	Audited year ended 31/07/21	Audited year ended 31/07/20	Audited year ended 31/07/19
	£'000	£'000	£'000
<b>Continuing operations</b>			
Interest receivable and similar income	3,783	4,558	4,856
Interest payable and similar charges	-559	-624	-704
Other trading income	817	722	625
Other direct costs	-603	-533	-455
<b>Net total income</b>	<b>3,438</b>	<b>4,123</b>	<b>4,322</b>
Other operating costs	-2,516	-2,436	-2,197
Net impairment losses on financial assets	131	-130	-111
<b>Operating profit</b>	<b>1,053</b>	<b>1,557</b>	<b>2,020</b>
Interest receivable	-	6	5
Interest payable	-3	-2	-4
<b>Profit before tax</b>	<b>1,050</b>	<b>1,561</b>	<b>2,021</b>
Tax	-211	-288	-387
<b>Profit for the year from continuing operations</b>	<b>839</b>	<b>1,273</b>	<b>1,634</b>
<b>Earnings per share</b>	<b>3.91</b>	<b>5.96</b>	<b>7.66</b>

### Guarantor's consolidated cash flow statement

	Audited year ended 31/07/21	Audited year ended 31/07/20	Audited year ended 31/07/19
	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Operating profit	1,053	1,557	2,020
Depreciation and amortisation	71	86	83
Decrease/(increase) in loans to customers/other receivables/prepayments	-2,679	4,882	-1,211
(Decrease)/increase in trade and payables	1,243	-76	970
Tax paid	-337	-387	-364
<b>Net cash (absorbed)/generated by operating activities</b>	<b>-649</b>	<b>6,062</b>	<b>1,498</b>
<b>Net cash absorbed by investing activities</b>	<b>-78</b>	<b>-14</b>	<b>-108</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-641	-641	-641
Net receipts from borrowings	12,245	1,000	684
Borrowings repaid	-10,977	-6,207	-541
Lease repayments	-30	-39	-39
<b>Net cash generated/(absorbed) by financing activities</b>	<b>597</b>	<b>-5,887</b>	<b>-537</b>
<b>Net increase in cash and cash equivalents</b>	<b>-130</b>	<b>161</b>	<b>853</b>
Cash and cash equivalents at the beginning of the year	2,300	2,139	1,286
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,170</b>	<b>2,300</b>	<b>2,139</b>

## History and background of the Group

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The Orchard Group consists of four subsidiaries and the Issuer; Bexhill, provides financing for insurance premiums for clients of insurance brokers; Orchard Funding, provides financing for professional fees for clients of professional service firms such as accountants and lawyers; Cherry Orchard, which is a bridging lender; and Orchard Finance which provides finance to customers of Toyota who purchase insurance products from Toyota dealerships.

The Group enables clients to spread the cost of their insurance premiums or professional fees over an extended period, typically 10 months, rather than paying a lump sum upfront. The clients of the Group are introduced by insurance brokers and professional service firms, who guarantee the repayment of all finance provided.

Bexhill was established in 2002 and has operated in the insurance premium finance market since that date. Bexhill experienced consistent revenue growth between 2002 and 2007. Despite the global financial crisis and restricted access to funding in 2008, Bexhill's Bexhill continued to trade, despite limitations on its business due to the scarcity of capital available.

Orchard Funding was established in 2010 in order to exploit the withdrawal of one of the largest funders in the market for smaller professional practices. Orchard's lending book has been able to grow despite its limited and expensive capital base.

To date, the Group's business has been primarily financed by the founder and Chief Executive Officer, Mr Ravi Takhar, with the support of debt from banks and other financial institutions. Since 2002 (and up to 31 July 2021), the Group through its subsidiaries has lent over £680 million of which, over £380 million was lent between FY2016 and FY2021.

The Directors believe the Group's lending structure to be an innovative business model that facilitates the provision of reasonably priced, unsecured short-term credit to individuals and business, whilst at the same time ensuring an excellent arrears and loss history in its lending book. Historical defaults on loans made by the Group have been less than 1% per annum.

The Group's key objective is to continue to position itself as a leading provider of professional fee finance and insurance premium finance while introducing new lending markets in sectors where traditional lenders have pulled back and in so doing, have created a lending opportunity for new entrants.

### Next steps for the Group's business

It is the intention of the Group to grow the business by:

1. continuing to develop its core markets and;
2. to develop markets that require longer term lending where the company can utilise its established business processes, business connections, underwriting skill-set and IT systems. For example, the Orchard board has conducted a limited pilot of longer-term lending into the static caravan market as a result of some established lenders withdrawing from the market to concentrate on their own core strategies;
3. to source supporting funding

On 26 April 2021, Orchard announced that it had secured a new banking facility with Natwest Bank that can be used for established lending and also lending into the static caravan market. The issuance of the Bonds, which will mature in 2027, will also facilitate lending into these markets that require longer dated loans.

The Group considers that the static caravan market provides a risk-adjusted return commensurate with its core lending. As usual, protection of its stakeholders is of paramount importance and the Group shall apply the same strict underwriting procedures as it does in other markets.

## Further information

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### Holding the Bonds

The Bonds will be held in custody for you by your Authorised Offeror, or as may be arranged by your stockbroker or financial adviser.

### How to trade the Bonds

The Bonds are expected to be listed on the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange PLC. The Bonds are also expected to be eligible for the London Stock Exchange's OFIS.

The Bonds are tradable instruments and prices are expected to be quoted in the market during trading hours (8.00am to 4.30pm London time).

The Bonds are expected to be supported in a market-making capacity by one or more registered market-makers. Market making means that, throughout the trading day, a person will quote prices for buying and selling the Bonds.

Investors should, in most normal circumstances, be able to sell their Bonds at any time, subject to market conditions, by contacting their stockbroker.

**As with any investment, there is a risk that an investor could get back less than his/her initial investment or lose his/her initial investment in its entirety.** See the section headed "Key Risks of Investing in the Bonds" on pages 7-8 of this Information Booklet.

### Fees

The Issuer will pay certain fees and commissions in connection with the offer of Bonds. Convexity Capital will receive a fee of 3% of the aggregate nominal amount of the Bonds to be issued, of which up to 0.5% will be offered to Authorised Offerors.

Authorised Offerors may charge expenses to you in respect of any Bonds purchased and/or held. These expenses are beyond the control of the Issuer and the Lead Manager, and neither the Issuer nor the Lead Manager is responsible for the level or payment of any of these expenses.

### Taxation of the Bonds

The tax treatment of an investor will depend on his or her individual circumstances and taxation law and practice at the relevant time (and so may be subject to change in the future).

**Prospective investors should consult their own independent professional tax advisers to obtain advice about their particular tax treatment in relation to the Bonds.**

Please also refer to the section on pages 82-83 of the Prospectus entitled "Taxation" for information regarding certain aspects of United Kingdom taxation of payments of interest on the Bonds.

All amounts, yields and returns described herein are shown before any tax impact. It is the responsibility of every investor to comply with the tax obligations operative in their country of residence.

### ISA and SIPP eligibility of the Bonds

At the time of issue, and provided that the Bonds are listed on a "**recognised stock exchange**" (within the meaning of section 1005 of the Income Tax Act 2007), the Bonds should be eligible for investing in a stocks and shares ISA (Individual Savings Account) or SIPP (a self-invested personal pension).

However, prospective investors should seek independent advice as to whether the specific terms of their arrangement permits investment of this type. The tax treatment of an investor will depend on his/her individual circumstances and taxation law and practice at the relevant time (and so may be subject to change in the future).

See also the "Taxation of the Bonds" section above.

**You are referred to the sections headed "Subscription and Sale" on page 79 of the Prospectus, "Taxation" on page 82 of the Prospectus, the "Important Notice" on pages 2-4 of the Prospectus and "Additional Information" on page 84 of the Prospectus.**

## Authorised Offerors

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### **AJ Bell Securities Limited**

4 Exchange Quay, Salford Quays, Manchester, M5 3EE  
[www.youinvest.co.uk](http://www.youinvest.co.uk)

### **Arnold Stansby & Co. Limited**

30 Queen Street, Manchester, M2 5JJ  
[www.arnold-stansby.com](http://www.arnold-stansby.com)

### **Canaccord Genuity (Billing & Delivery)**

88 Wood Street, London, EC2V 7QR  
[www.cgf.com](http://www.cgf.com)

### **Equiniti Financial Services Limited**

Aspect House, Spencer Road, Lancing, BN99 6DA  
[www.eqi.co.uk](http://www.eqi.co.uk)

### **Guy Butler Limited**

21 Great Winchester Street, London, EC2N 2JA  
[www.guybutler.co.uk](http://www.guybutler.co.uk)

### **Hedley & Company Stockbrokers Limited**

19 Trident Park, Blackburn, BB1 3NU  
[www.hedleyandco.co.uk](http://www.hedleyandco.co.uk)

### **Interactive Investor Services Limited**

Exchange Court, Duncombe Street, Leeds, LS1 4AX  
[www.ii.co.uk](http://www.ii.co.uk)

### **iDealing.com Limited**

Finsbury House, 23 Finsbury Circus, London, EC2M 7EA  
[www.idealing.com](http://www.idealing.com)

### **PrimaryBid Limited**

21 Albemarle Street, London W1S 4BS  
[www.primarybid.com](http://www.primarybid.com)



## Disclaimer

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**This document should not be relied on for making any investment decision in relation to the purchase of Bonds.**

**Any decision to purchase or sell the Bonds should be made by you solely on the basis of a careful review of the Prospectus. Please therefore read the Prospectus carefully before you invest. All documents should have been given to you by your broker and are available at [www.orchardfundinggroupplc.com/bonds](http://www.orchardfundinggroupplc.com/bonds)**

Before buying or selling any Bonds you should ensure that you fully understand and accept the risks relating to an investment in the Bonds, otherwise you should seek professional independent advice.

Convexity Capital is acting for itself and will not act and has not acted as your legal, tax, accounting or investment adviser and will not owe you or your clients any fiduciary duties in connection with a purchase or sale of the Bonds or any related transaction.

No reliance may be placed on Convexity Capital for advice or recommendations of any sort. Convexity Capital makes no representation or warranty to you with regard to the information contained in the Prospectus. This Information Booklet contains information derived from the Prospectus and is believed to be reliable but, in so far as it may do so under applicable law, Convexity Capital does not warrant or make any representation as to its completeness, reliability or accuracy. Neither Convexity Capital, Orchard Funding Group PLC nor Orchard Bond Finance PLC is responsible for any advice or service you may receive from a third party in relation to the Bonds.

Convexity Capital and its affiliates, connected companies, employees and/or clients may have an interest in the Bonds and/or in related investments. Such interest may include dealing, trading and holding, and may include providing other financial services to any company or issuer of securities referred to herein.

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any Bonds. Any purchase or sale of Bonds should only be made on the basis of the information contained in the Prospectus available as described above