IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") WITHIN THE MEANING OF RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR (2) OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S ("**REGULATION S**") UNDER THE U.S. SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the preliminary offering memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the preliminary offering memorandum. In accessing the preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from the Issuer as a result of such access.

The preliminary offering memorandum has been prepared in connection with the proposed offer and sale of the securities described herein. The preliminary offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view the preliminary offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) outside the United States. The preliminary offering memorandum is being sent at your request. By accepting the e-mail and accessing the preliminary offering memorandum, you shall be deemed to have represented to the Issuer that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission; and

(2) either you and any customers you represent are:

  (a) QIBs; or

  (b) outside the United States and the e-mail address that you gave the Issuer and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the preliminary offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This preliminary offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This preliminary offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

The preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the initial purchasers, or any person who controls any of the initial purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

The information in this preliminary offering memorandum is not complete and may be changed. The Issuer may not sell these securities until the offering memorandum is delivered in final form. This preliminary offering memorandum is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction in which such offer, solicitation or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 26, 2016

PRELIMINARY OFFERING MEMORANDUM **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

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Bracken Midco1 plc

£220,000,000 % / % Senior PIK Toggle Notes due 2021

Bracken Midco1 plc, a public limited company incorporated under the laws of England and Wales (the "**Issuer**"), is hereby offering £220.0 million aggregate principal amount of its %/ % Senior PIK Toggle Notes due 2021 (the "**Notes**"). The Notes will mature on , 2021. The Notes will bear interest at the rate of %/ % per annum, payable semi-annually on and , commencing , 2017. The first and last interest payments on the Notes will be made in cash. For each other interest payment, the Issuer will be required to pay interest on the Notes entirely in cash ("**Cash Interest**"), unless the conditions described in this offering memorandum are satisfied, in which case the Issuer will be entitled to pay, to the extent described herein, interest for such interest period through the issuance of Additional Notes (as defined herein) either by increasing the principal amount of the Notes (or by issuing a new global note of an increased principal amount) or by issuing Notes in a principal amount equal to such interest (in each case, "**PIK Interest**"). Cash Interest will accrue at a rate of % per annum on the Notes, and PIK Interest will accrue at a rate of % per annum on the Notes.

The Issuer may redeem some or all of the Notes on or after , 2018 at the redemption prices set forth in this offering memorandum. Prior to , 2018, the Issuer may redeem, at its option, some or all of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the applicable "make-whole" premium, as described in this offering memorandum. Prior to , 2018, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes using the net proceeds of certain equity offerings at the redemption prices set forth in this offering memorandum, if at least 60% of the originally issued aggregate principal amount of the Notes remains outstanding. Additionally, the Issuer may redeem all, but not less than all, of the Notes in the event of certain developments affecting taxation. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

The Notes will be secured by (i) a pledge over the issued capital stock in Bracken Midco2 Limited ("**Midco2**") and (ii) an assignment of all existing and future intercompany loans in respect of which the Issuer is the lender, including, as of the Issue Date, an intercompany loan made by the Issuer to Midco2 for the net proceeds of the offering of the Notes and certain other intercompany receivables (the "**Collateral**"). See "*Summary—The Offering—Security*." The validity and enforceability of the security interests are subject to the limitations described in "*Risk Factors—Risks Relating to the Notes.*"

The Notes will be the general obligations of the Issuer and will rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes. The Notes will rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes, including intercompany liabilities of the Issuer. The Notes will be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes and will be structurally subordinated to all existing and future obligations of the subsidiaries of the Issuer, including the Senior Secured Notes (as defined herein), the CABS Securitization (as defined herein), the LABS Securitization (as defined herein) and borrowings under the Revolving Credit Facility (as defined herein). The Notes will not be guaranteed by Jerrold Holdings Limited (the "**Company**") or any of its other subsidiaries.

Application will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof. There is no assurance that the Notes will be listed and admitted to trade on the Global Exchange Market.

Investing in the Notes involves a high degree of risk. Please see "*Risk Factors*" beginning on page 35.

Price: % plus accrued interest, if any, from the Issue Date.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the offering is being made only to qualified institutional buyers ("QIBs") within the meaning of Rule 144A ("Rule 144A") under the U.S. Securities Act in compliance with Rule 144A under the U.S. Securities Act. You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, the offering is being made in reliance on Regulation S ("Regulation S") under the U.S. Securities Act. For additional information about eligible offerees and transfer restrictions, see "*Notice to Investors*."

The Notes will initially be issued in the form of global notes in registered form. See "*Book -Entry, Delivery and Form.*" The Issuer expects the Notes to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**"), on or about , 2016 (the "**Issue Date**").

Joint Global Coordinators and Joint Bookrunners

Credit Suisse **J.P. Morgan**

Joint Bookrunners

Barclays **HSBC** **Lloyds Bank** **Natixis** **The Royal Bank of Scotland**

The date of this offering memorandum is 2016

You should rely only on the information contained in this offering memorandum. The Issuer has not, and the initial purchasers have not, authorized anyone to provide you with information that is different from the information contained herein. The Issuer is not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

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In this offering memorandum, "**Issuer**" refers to Bracken MidCo1 plc and "**Company**" refers only to Jerrold Holdings Limited and not any of their respective subsidiaries. In this offering memorandum, "**Jerrold Holdings**," "**group**," "**we**," "**us**" and "**our**" refer to the Company and its subsidiaries, except where the context otherwise requires or it is otherwise indicated. Our registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom. Our telephone number is 161-956-3200 and our website is *www.togethermoney.co.uk*. The information contained on our website is not part of this offering memorandum.

Important Information

This offering memorandum is confidential and has been prepared by the Issuer solely for use in connection with the offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without the Issuer's prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. In addition, neither the Issuer nor any initial purchaser nor any of the Issuer's or its respective representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither the Issuer nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

The Issuer accepts responsibility for the information contained in this offering memorandum. Having taken all reasonable care to ensure that such is the case, to the best of its knowledge and belief, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained in this offering memorandum is as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in the business of Jerrold Holdings since the date of this offering memorandum.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Although the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, the Issuer accepts no further responsibility in respect of such information. Euroclear and Clearstream are not under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by any of them at any time. The Issuer will not, nor will any of the Issuer's agents, have responsibility for the performance of the respective obligations of Euroclear or Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary could be a criminal offence in certain countries.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "*Plan of Distribution*" and "*Notice to Investors*."

The Issuer cannot guarantee that its application to the Irish Stock Exchange for the Notes to be admitted to trading on the Global Exchange Market thereof will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this admission to trading.

The Issuer and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. The Issuer and the initial purchasers also reserve the right to sell less than all the Notes offered by this offering memorandum or to sell to any purchaser less than the amount of Notes it has offered to purchase.

The Notes will be available in book-entry form only. The Issuer expects that the Notes sold pursuant to this offering memorandum will be issued in the form of two or more global notes. The global notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the Indenture. See "*Book-Entry, Delivery and Form*."

IN CONNECTION WITH THE OFFERING OF THE NOTES, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (OR PERSONS ACTING ON ITS BEHALF) OR ONE OF ITS AFFILIATES (THE "**STABILIZING MANAGER**") MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. NOTWITHSTANDING, THERE IS NO ASSURANCE THAT A STABILIZING MANAGER WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Notice to Investors in the United States

Each purchaser of the Notes will be deemed to have made the representations, warranties, and acknowledgements that are described in this offering memorandum under the "*Notice to Investors*" section of this offering memorandum.

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to QIBs within the meaning of Rule 144A, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes may be offered and sold outside the United States in reliance on Regulation S. For a description of certain restrictions on transfers of the Notes, see "*Notice to Investors*."

The securities offered hereby have not been reviewed or recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the offering or confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense under the laws of the United States.

Notice to Investors in the United Kingdom

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Investors in the European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within that Member State of Notes, which are the subject of the offering contemplated in this offering memorandum, may only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish a prospectus or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in the Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Industry and Market Data

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Unless otherwise indicated, we have generally obtained all information regarding market, market size, growth rate, development, trends and competitive position and other industry data pertaining to our business contained in this offering memorandum from industry publications, surveys or studies conducted by third-party sources, including OC&C, Strategy Consultants ("**OC&C**"), Bank of England ("**BoE**"), Council of Mortgage Lenders ("**CML**") and other sources mentioned in "Industry," internal surveys and estimates and publicly available information.

We sourced certain market data presented in this offering memorandum from a report produced by OC&C in September 2015, which we commissioned in connection with internal strategic reviews (the "**OC&C Report**"). OC&C was provided with access to management and company data and the relevant report was produced following a multi-month analysis of the relevant markets.

All of the information set forth in this offering memorandum relating to the operations, financial results or market share of our competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from our experience, internal studies, estimates and investigation of market conditions.

Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of the studies and publications we have used is reliable, neither we nor the Initial Purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness. Market data and statistics are inherently uncertain and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

In addition, in many cases, we have made statements in this offering memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information have or has been verified by any independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*." As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this offering memorandum.

Forward-Looking Statements

This offering memorandum contains statements under the captions "*Summary*," "*Risk Factors*," "*Industry Overview*," "*Business*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and in other sections that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims," "believes," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "predicts," "assumes," "shall," "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we operate to differ materially from those expressed or implied by the forward-looking statements contained in this offering memorandum. These factors include among others:

- the impact of economic conditions on our results of operations and financial condition;
- the impact of the United Kingdom's contemplated exit from the European Union;
- the impact of a downturn in the property market;
- our ability to accurately value properties;
- our ability to accurately identify the credit profile and behaviors of our customers;
- our ability to detect and prevent fraud during the loan underwriting process;
- the impact of the changing financial circumstances of our customers;
- our relationships with brokers and other distribution channels;
- the impact of competition;
- legislative, taxation and regulatory changes affecting our ability to operate or the profit generated from our activities;
- our exposure to potential regulatory sanctions and fines;
- interruption or loss of our information processing systems or failure to maintain secure information systems and technological changes;
- the impact of litigation;
- our ability to retain our senior management and our underwriters, account executives, sales personnel and other client-facing employees;
- changes in accounting standards;
- the impact of fluctuations in interest rates and our ability to obtain financing;
- the interests of our shareholders;
- our substantial debt;
- financial covenants; and
- the other factors discussed in more detail under "*Risk Factors*."

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this offering memorandum, and the Issuer does not intend, and does not assume any obligation, to update forward-looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to the Issuer or to persons acting on its behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on these forward-looking statements.

Presentation of Financial and Other Information

Issuer

The Issuer, Bracken Midco1 plc, was formed under the laws of England and Wales as a public limited company on June 7, 2016, for the purpose of facilitating the Transactions (as defined herein). Prior to the Transactions, the Issuer had no business operations or material assets or liabilities. Upon completion of the Transactions, its only assets will be the shares of its direct subsidiary, Bracken Midco2 Limited, and certain intercompany loans made to Bracken Midco2 Limited and it will have no liabilities other than those incurred in connection with its incorporation and the Transactions. Consequently, limited historical financial information relating to the Issuer is available, and no financial information with respect to the Issuer is included in this offering memorandum, except for certain limited financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions. All historical financial information presented in this offering memorandum is that of Jerrold Holdings, an indirect subsidiary of the Issuer, and its subsidiaries. Accordingly, all references to "we," "us," "our" or the "group" in respect of the financial information in this offering memorandum are to Jerrold Holdings on a consolidated basis, unless the context otherwise requires. See "*Risk factors—Risks Relating to the Notes—The Issuer is a holding company with no business operations or assets*."

Jerrold Holdings Limited

Jerrold Holdings Limited, the Company, was formed under the laws of England and Wales as a limited liability company on June 15, 1994. In this offering memorandum, we refer to, and present consolidated financial information for, Jerrold Holdings Limited and its subsidiaries. Following the Transactions, all of the Company's voting shares will be owned by Midco2. See "*Shareholders*." Certain members of the Company's management and the employee benefit trust (the "**EB Trust**") own 100,000 D shares of the Company pursuant to the Management Incentive Plan (the "**D Shares**"). In connection with the Transaction, Midco2 will repurchase 30,000 D Shares from certain members of the Company's management. As of September 30, 2016, the remaining 70,000 D Shares represented approximately 3% of the economic value of the share capital of the Company. The economic value of the D Shares is subject to change based on certain parameters tied to the valuation of the Company.

Charles Street ABS and Lakeside ABS, the bankruptcy-remote special purpose vehicles established for purposes of our Conduit Securitizations, are consolidated into the consolidated financial statements of Jerrold Holdings Limited under the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and generally accepted accounting principles in the United Kingdom ("**UK GAAP**"). For additional information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS)*."

Financial Statements

This offering memorandum includes audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016, prepared in accordance with IFRS, which include audited comparative financial information as of and for the year ended June 30, 2015. From July 1, 2015, we have prepared our audited consolidated financial statements in accordance with IFRS. Accordingly, our consolidated financial statements as of and for the years ended June 30, 2015 and 2016, pursuant to IFRS, may not be comparable to our audited consolidated financial statements for 2015 and prior years, pursuant to UK GAAP. Our consolidated financial statements as of and for the year ended June 30, 2016 contains an analysis of the main adjustments and reclassifications made by us in order to restate in accordance with IFRS our financial information previously reported, pursuant to UK GAAP, as of and for the year ended June 30, 2015. For an analysis of the main adjustments and reclassifications, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability*" and Note 32 to the audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016.

This offering memorandum also includes the audited consolidated financial statements of Jerrold Holdings as of and for each of the years ended June 30, 2014 and 2015. The audited consolidated financial statements for each of the years ended June 30, 2014 and 2015 of Jerrold Holdings have been prepared in accordance with UK GAAP.

See "*Independent Auditor*" for a description of the reports of the independent auditor of Jerrold Holdings, Deloitte LLP, on the audited consolidated financial statements of Jerrold Holdings prepared in accordance with UK GAAP and on the consolidated financial statements of Jerrold Holdings prepared in accordance with

IFRS. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditor's reports state that: they were made solely to the members of Jerrold Holdings as a body in accordance with Chapter 3 of Part 16 of the Companies Act of 2006; the independent auditor's work was undertaken so that the independent auditor might state to the members of Jerrold Holdings those matters that were required to be stated to them in an auditor's report and for no other purpose; and, to the fullest extent permitted by law, the independent auditor does not accept or assume responsibility to anyone other than Jerrold Holdings and its members as a body for its audit work or the opinions it has formed. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2014, 2015 and 2016 were unqualified. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2014 and 2015 in accordance with UK GAAP and for the years ended 2015 and 2016 in accordance with IFRS are included on pages F-62, F-38, and F-3, respectively, of this offering memorandum.

Investors in the Notes should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (such as the purchasers of the Notes) other than to Jerrold Holdings and its members as a body with respect to the report and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor based on its report or the audited consolidated financial statements to which it relates could be limited.

We have not included financial information prepared in accordance with U.S. GAAP in this offering memorandum. As of and for the years ended June 30, 2014 and 2015, our financial statements were prepared in accordance with UK GAAP, which differs in certain significant respects from IFRS and U.S. GAAP. From July 1, 2015, we have prepared our financial statements in accordance with IFRS, which differs in certain significant respects from UK GAAP and U.S. GAAP. See "*Risk Factors—Risks Relating to Our Business—We have not included any US GAAP financial information in this offering memorandum*" and "*Risk Factors—Risks Relating to Our Business—We recently transitioned to financial reporting from UK GAAP to IFRS, which differs in certain significant respects from UK GAAP under which we have historically reported.*" In making an investment decision, you should rely upon your own examination of the terms of the offering and the financial information contained in this offering memorandum. You should consult your own professional advisors for an understanding of the differences between UK GAAP, IFRS and U.S. GAAP, and how those differences could affect the financial information contained in this offering memorandum.

Other Financial Information (Non-IFRS and Non-UK GAAP)

We have included in this offering memorandum certain financial measures and ratios, including EBITDA, Adjusted EBITDA, EBITDA margin and certain leverage and coverage ratios, that are not presented in accordance with IFRS (as of and for the years ended June 30, 2015 and 2016) or UK GAAP (as of and for the years ended June 30, 2014 and 2015). In this offering memorandum, references to "**EBITDA**" for the years ended June 30, 2014, 2015 and 2016 for Jerrold Holdings are to profit on ordinary activities after taxation before interest payable and similar charges, income tax and amortization and depreciation and negative goodwill. For fiscal years 2014 and 2015, in accordance with UK GAAP, EBITDA also includes interest receivable and similar income. Accordingly, EBITDA can be extracted from the consolidated financial statements of Jerrold Holdings by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, tax on profit on ordinary activities and amortization, depreciation and negative goodwill.

In this offering memorandum, references to "**Adjusted EBITDA**" reflect EBITDA for Jerrold Holdings, excluding Charles Street ABS and Lakeside ABS. Adjusted EBITDA is calculated as EBITDA after the deduction of interest payable attributable to Conduit Securitizations. Charles Street ABS and Lakeside ABS, the bankruptcy-remote special purpose vehicles established for purposes of the Conduit Securitizations, are consolidated into our consolidated financial statements in accordance with IFRS and UK GAAP, as applicable. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS).*"

In this offering memorandum, references to "**EBITDA margin**" reflect EBITDA margin for Jerrold Holdings. EBITDA margin is calculated as, (i) with respect to the years ended June 30, 2014 and 2015, EBITDA (based on financial statements prepared in accordance with UK GAAP) divided by turnover (based on financial statements prepared in accordance with UK GAAP) and (ii) with respect to the years ended June 30, 2015 and

2016, EBITDA (based on financial statements prepared in accordance with IFRS) divided by interest receivable and similar income plus fees and commission income plus other income (based on financial statements prepared in accordance with IFRS).

In this offering memorandum, we present non-IFRS and non-UK GAAP measures because our management believes that non-IFRS and non-UK GAAP measures, such as EBITDA and similar measures, are helpful to investors, securities analysts and other interested parties as supplemental measures of our operating performance and ability to service debt. EBITDA-based measures have important limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

EBITDA, Adjusted EBITDA, EBITDA margin, yield spread and leverage and coverage ratios are not measurements of financial performance pursuant to IFRS or UK GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS or UK GAAP.

We have included in this offering memorandum certain supplemental cash flow information for the purpose of analyzing the cash available for debt service and surplus funds available for new advances (the "**Supplemental Cash Flow Information**"). The Supplemental Cash Flow information is not in accordance with IFRS or UK GAAP and should not be considered as an alternative cash flow measure. Management uses this information to monitor the cash flow of the business and believes that such information is useful to investors in assessing the funds available to write new loans.

We have included in this offering memorandum unaudited *pro forma* consolidated financial information of each of Jerrold Holdings and the Issuer to give *pro forma* effect to the Refinancing (as defined herein) and the Transactions (as defined herein), including the offering of the Notes and the use of proceeds therefrom. The unaudited *pro forma* consolidated financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that we would have reported had the offering been completed as of (i) July 1, 2015 for purposes of the calculation of interest payable and other metrics drawn from our profit and loss account data and cash flow data and (ii) June 30, 2016 for purposes of the calculation of net borrowings and other metrics drawn from our balance sheet data and should not be taken as indicative of our future consolidated results of operations or financial position. Our historical results may not be indicative of our future results following completion of the offering. The unaudited *pro forma* consolidated financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* consolidated financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Certain figures in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances (i) the sum or percentage change of such numbers may not conform exactly with the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly with the total figure given for that column or row.

Terms Relating to Our Loan Analysis

With the exception of the application of certain limited forbearance measures, we do not reschedule our loans by capitalizing arrears. In this offering memorandum, arrears data are based on the original contractual position and do not take into account either payment plans or agreed changes to payment dates. Arrears data is further subdivided into performing and non-performing arrears loans as described below.

Repossessed properties, Law of Property Act ("**LPA**") receivership in sale status and development loans are excluded from arrears numbers. LPA receivership in rental status, which may return to being performing assets, is included in arrears numbers.

Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security or in respect of which the borrower has surrendered ownership of the property. An LPA receivership is typically used to exercise security over property that is used for commercial purposes and enables us to sell the property ("**sale status**") or divert income streams from properties directly to ourselves ("**rental status**"), which may not lead to an eventual sale process if the borrower is able to recover his position.

Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. We underwrite relatively few new development loans each year and continue to support a small number of historic funding commitments already agreed or required to complete existing developments. Development loans are reported as a separate category.

In this offering memorandum, data referring to our loan portfolio analysis is in reference to our core operating subsidiaries: Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Auction Finance Limited, Harpmanor Limited and Jerrold Mortgage Corporation, which represent 99.9% of our total loan book balances by value as of June 30, 2016 (before adjustments for fee spreading). Data referring to the Borrower Group loan portfolio analysis is in reference to the Borrower Group (as defined herein). With respect to the years ended June 30, 2014 and 2015, prepared in accordance with UK GAAP, data referring to our loan portfolio analysis is presented after suspended income and after provisions for bad and doubtful debts (based on financial statements prepared in accordance with UK GAAP). With respect to the years ended June 30, 2015, data referring to our loan portfolio analysis is presented after allowances for impairment (based on financial statements prepared in accordance with IFRS). For the years ended June 30, 2015 and 2016, pursuant to IFRS, we no longer suspend income. With respect to any income that was suspended prior to June 30, 2014, pursuant to UK GAAP, such suspended income was captured into the opening loan balances for the purposes of the preparation of financial statements pursuant to IFRS. References to Borrower Group loan portfolio are to Jerrold Holdings excluding Charles Street ABS and Lakeside ABS.

In this offering memorandum, a loan is considered performing (a "**performing loan**") if it has (i) nil arrears or arrears less than or equal to one month's contractual installment or where no contractual monthly installment is due or (ii) "performing arrears loans," being loans with arrears greater than one month's but less than or equal to three months' contractual installments or where cash receipts collected in the prior three months are equal to or greater than 90% of the contractual installments due. The balance of loans are classified as (i) non-performing arrears loans, where such loans have arrears of greater than three months' contractual installments due and where receipts collected in the prior three months are less than 90% of contractual installments due, past contractual term or subject to LPA receivership in rental status, (ii) loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status and (iii) development loans.

In this offering memorandum, with respect to the years ended June 30, 2014 and 2015 prepared in accordance with UK GAAP, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding and (ii) accrued interest and fees (after suspended income and after provisions for bad and doubtful debts) in respect of such loans, as of the date presented. The term "non-performing arrears loans" refers to the aggregate of (i) the principal amount of non-performing arrears loans outstanding and (ii) accrued interest and fees (after suspended income and after provisions for bad and doubtful debts) in respect of such loans, as of the date presented. Non-performing arrears loans do not take into account loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status or development loans, all of which are reported as separate categories and are also calculated based on the principal amount plus accrued interest and fees (after suspended income and after provisions for bad and doubtful debts) in respect of such loans. Our loan analysis excludes loans with carrying values of nil for which full provisions are in place. Our provisions analysis also excludes provisions in respect of loans with carrying values of nil for which full provisions are in place.

In this offering memorandum, with respect to the years ended June 30, 2016 prepared in accordance with IFRS, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding and (ii) accrued interest and fees, (iii) net of any allowances for impairment in respect of such loans, as of the date presented. The term "non-performing arrears loans" refers to the aggregate of (i) the principal amount of non-performing arrears loans outstanding and (ii) accrued interest and fees, (iii) net of any allowances for impairment in respect of such loans, as of the date presented. Non-performing arrears loans do not take into account loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status or development loans, all of which are reported as separate categories and are also calculated based on the principal amount plus accrued interest and fees net of any allowances for impairment in respect of such loans. Loans in LPA receivership under rental status are considered non-performing. Our loan analysis excludes loans for which loans the carrying values after impairment is nil. Our provisions analysis also excludes allowances for impairment in respect of loans for which the carrying values is nil after impairment.

In this offering memorandum, with respect to the years ended June 30, 2014 and 2015 prepared in accordance with UK GAAP, the term "total loan assets" refers to the total balance of loans provided to our customers as included within our balance sheet, stated after suspended income and after provisions for bad and doubtful debts.

In this offering memorandum, with respect to the years ended June 30, 2015 and 2016 prepared in accordance with IFRS, the term "total loan assets" refers to the total balance of loans provided to our customers as included within our statement of financial position, stated after allowances for impairment.

In this offering memorandum, the term "second lien loans" includes second lien loans and also subsequent lien loans. As of June 30, 2016, subsequent lien loans amounted to £5.6 million after allowances for impairment, representing 0.3% of our total loan assets.

In this offering memorandum, the term "Average Total Loan Asset Balance (after allowances for impairment)" means the total loan assets (after allowances for impairment) as of the first date of the relevant period as per our statement of financial position plus the total loan assets (after allowances for impairment) as of the last date of the relevant period as per our statement of financial position divided by two.

In this offering memorandum, the term "net interest margin" is calculated as interest receivable and similar income less interest payable and similar charges divided by the average opening and closing balances of loans and advances to customers.

The following table provides a reconciliation of our loan portfolio analysis to our total loan assets as of June 30, 2016 and total loan assets as of June 30, 2016 of the Borrower Group:

	As of June 30, 2016
	(IFRS) **(£ in millions)**
Loan portfolio balances of our core operating subsidiaries	1,839.8
Less allowances for impairment on our core operating subsidiaries	(35.8)
Total loan portfolio balances	1,803.9
Add: loan portfolio balance of our non-core operating subsidiaries[(1)]	2.2
Less: allowances for impairment on our non-core operating subsidiaries	(0.4)
Add: loan portfolio balances of shortfalls	32.6
Less: allowances for impairment on our shortfalls[(2)]	(33.0)
Add back: part month adjustment for accrued interest[(3)]	6.8
Add back: product accrued income[(4)]	1.5
Less: fee spreading[(5)]	(12.9)
Total loan assets (as shown as "Loans and Advances to Customers" on statement of financial position)	£ 1,800.7
Principal balances of loans attributable to Conduit Securitizations[(6)]	(1,194.3)
Borrower Group's total loan assets	£ 606.4

(1) Our non-core operating subsidiaries include Spot Finance Limited which is currently underwriting a small amount of motor finance loans.

(2) Our loan portfolio analysis excludes loans for which the security has been subsequently disposed of (typically as part of a repossession process) and from which a shortfall against outstanding amounts due arose. Such loans have full allowances for impairment, as a result of which the loan balance after allowances for impairment is £(0.4) million.

(3) Adjustment for accrued interest represents a part month adjustment for the interest accrued on loan accounts and included in our total loan assets as of June 30, 2016 that is not reflected in our loan portfolio balances as of June 30, 2016 in respect of those loans for which the monthly funding anniversary date in the month of June 30, 2016 was not June 30, 2016.

(4) Adjustment for product accrued income relates to accrued interest and included within total loan assets in connection with the accounting treatment of products offered with discounted or holiday periods.

(5) Adjustment for fee spreading relates primarily to arrangement fees and commission costs which pursuant to UK GAAP were recognized on the date of funding of the respective loan but which, pursuant to IFRS, are recognized over the expected life of such loan. This deferred income is presented net of loans and advances to customers in our financial statements.

(6) Comprises the principal loan amounts against which the variable funding notes of the CABS Securitization and the LABS Securitization are advanced.

Loan to value ratio ("**LTV**"), with respect to the years ended June 30, 2014 and 2015 prepared in accordance with UK GAAP, in the case of a first lien mortgage, is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan and (ii) the accrued interest and fees thereon (after suspended income) and (iii) net of provisions for bad and doubtful debts, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon (after suspended income), (iii) net of provisions for bad and doubtful debts and (iv) the prior lien mortgages also secured by the same property, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

LTV with respect to the year ended June 30, 2016 prepared in accordance with IFRS, in the case of a first lien mortgage, is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan and (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

In this offering memorandum, the average LTV of our loan portfolio is calculated on a "weighted average basis," pursuant to which LTV is calculated by multiplying each LTV by the respective loan amount and then dividing the sum of the weighted LTVs by the total amount of loans. The weighted average LTV of our loan portfolio is also presented on an "indexed basis," pursuant to which the value of the properties securing our loans are reviewed quarterly and adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices based on the Halifax House Price Index. The LTV bands of our loan portfolio are also presented on an indexed basis. In this offering memorandum, we provide the percentage of the Borrower Group loan portfolio, calculated by value, that consists of loans with LTVs at origination equal to or less than 75% as of June 30, 2016.

Certain Definitions

Except as otherwise specified, as used in this offering memorandum:

- "Borrower Group" means the Company and its subsidiaries and does not include Charles Street ABS or Lakeside ABS.
- "Charles Street ABS" means Charles Street Conduit Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans pursuant to the CABS Securitization.
- "CABS Securitization" means the series of agreements, dated November 12, 2007, as amended and restated from time to time, among, *inter alios*, the Company, its subsidiary obligors and Charles Street ABS, respectively, establishing conduit securitization programs of certain of our mortgage loans.
- "Company" means Jerrold Holdings Limited, an indirect subsidiary of the Issuer and the direct subsidiary of Midco2.
- "Conduit Securitizations" means the CABS Securitization and/or the LABS Securitization, as appropriate.
- "Equistone" means certain funds managed by and affiliates of Equistone Partners Europe.
- "Existing Subordinated Shareholder Loan Notes" means the subordinated shareholder loan notes of an aggregate principal amount of £60.0 million issued by the Company to the Moser Shareholders and the Funds (as defined herein), of which £17.0 million will be repaid as part of the Transactions and the remaining £43.0 million will be replaced by the Novated Shareholder Loan Notes. See "*Summary—The Transaction*."
- "Famco" means Redhill Famco Limited, the parent company of Topco.
- "Funds" means Equistone and Standard Life Investments.
- "Indenture" means the indenture governing the Notes, among, *inter alios*, the Issuer and Deutsche Trustee Company Limited, as trustee, Deutsche Bank Luxembourg S.A. as registrar and transfer agent and Deutsche Bank AG, London Branch as principal paying agent and as security agent.
- "Issuer" means Bracken Midco1 plc.
- "Issuer Roll-Up Notes" means the £100.0 million in aggregate principal amount of notes issued by the Issuer and held by Topco in connection with the roll-up of the obligations under the Vendor Notes from the Issuer to Topco on or about the Issue Date. The obligations of the Issuer under the Issuer Roll-Up Notes will be subordinated to the Issuer's obligations under the Notes pursuant to the Subordination Deed. See *"Summary—The Transactions"* and *"Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*
- "Issuer Shareholder Loan Notes Novation Intercompany Loan" means the £43.0 million in aggregate principal amount loan from the Issuer to Midco2 incurred in connection with the novation of the obligations under the Novated Shareholder Loan Notes from the Company to Famco on or about the Issue Date. See *"Summary—The Transactions"* and *"Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*
- "Jerrold Holdings," "Together," "group," "we," "us" and "our" mean the Company and its consolidated subsidiaries, except where the context otherwise requires.
- "LABS Securitization" means the series of agreements, dated August 13, 2015, as amended and restated from time to time, among, among others, the Company, its subsidiary obligors and Lakeside ABS, respectively, establishing conduit securitizations programs of certain of our mortgage loans.
- "Lakeside ABS" means Lakeside Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans pursuant to the LABS Securitization.
- "Management Incentive Plan" means the plan, introduced in January 2015, consisting of: (i) the senior management share incentive plan relating to D Shares of the Company and (ii) the senior management share option plan relating to Class E ordinary shares of the Company. See *"Management—Management Incentive Plan."*
- "Midco2" means Bracken Midco2 Limited, a wholly owned subsidiary of the Issuer.
- "Midco2 Roll-Up Notes" means the £100.0 million in aggregate principal amount notes issued by Midco2 and held by the Issuer in connection with the roll-up of the obligations under the Vendor Notes from

Midco2 to the Issuer and from the Issuer to Topco on or about the Issue Date. See "*Summary—The Transactions*" and "*Description of Certain Financing Arrangements—Subordinated Shareholder Funding.*"

- "Midco2 Shareholder Loan Notes Novation Intercompany Loan" means the £43.0 million in aggregate principal amount deeply subordinated loan from Midco2 to the Company incurred in connection with the novation of the obligations under the Novated Shareholder Loan Notes from the Company to Famco on or about the Issue Date. See *"Summary—The Transactions"* and *"Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*
- "Moser Shareholders" means Henry Moser and the D.L. Moser 1995 Family Settlement No1 Trust.
- "Notes" means the £220.0 million aggregate principal amount of the Issuer's %/ % Senior PIK Toggle Notes offered hereby.
- "Novated Shareholder Loan Notes" means the shareholder loan notes in an aggregate principal amount of £43.0 million issued by the Company to the Moser Shareholders, novated on or about the Issue Date through a series of transactions resulting in Famco as the issuer of the Novated Shareholder Loan Notes. See "*Summary—The Transactions.*"
- "Original Senior Secured Notes" means the £300,000,000 aggregate principal amount of the Senior Secured Notes Issuer's 9¾% Senior Secured Notes due 2018 issued on September 27, 2013 and April 24, 2015.
- "Original Senior Secured Notes Indenture" means the indenture dated as of September 27, 2013 governing the Original Senior Secured Notes, among, *inter alios*, the Senior Secured Notes Issuer, the Company, certain of its subsidiaries as guarantors, Deutsche Trustee Limited as trustee and The Royal Bank of Scotland as security agent.
- "Refinancing" means the issuance of the Senior Secured Notes on October 13, 2016 and the use of proceeds therefrom. See "*Summary—Recent Developments—The Refinancing*."
- "Revolving Credit Facility" means the £29.0 million, syndicated revolving credit loan facility (of which £29.0 million was outstanding as of June 30, 2016), dated November 9, 2007, as amended and restated from time to time, between, among others, the Company, the Senior Secured Notes Subsidiary Guarantors and certain lenders.
- "Roll-Up Notes" means Midco2 Roll-Up Notes and the Issuer Roll-Up Notes.
- "Security Documents" means (i) the fixed charge over the shares of Midco2 dated on or around the Issue Date by and among, *inter alios*, the Issuer and the Security Agent, and (ii) the assignment of the Midco2 intercompany loan and certain other intercompany receivables dated on or around the Issue Date by and among, inter alios, the Issuer and the Security Agent.
- "Senior Secured Notes" means the £375,000,000 aggregate principal amount of the Senior Secured Notes Issuer's 6¼% Senior Secured Notes due 2021 issued on October 13, 2016.
- "Senior Secured Notes Guarantors" means the Company and the Senior Secured Notes Subsidiary Guarantors.
- "Senior Secured Notes Indenture" means the indenture governing the Senior Secured Notes, among, *inter alios*, the Senior Secured Notes Issuer, the Company, the Senior Secured Notes Guarantors, Deutsche Trustee Limited as trustee and The Royal Bank of Scotland as security agent.
- "Senior Secured Intercreditor Agreement" means the intercreditor agreement, dated November 12, 2007, as amended and restated from time to time, among, *inter alios*, the Senior Secured Notes Issuer, the Company, the Senior Secured Notes Subsidiary Guarantors and certain lenders and creditors.
- "Senior Secured Notes Issuer" means Jerrold FinCo plc, a wholly owned subsidiary of the Company.
- "Senior Secured Notes Subsidiary Guarantors" means Blemain Finance Limited, Cheshire Mortgage Corporation Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.Co.Uk Limited, Auction Finance Limited, and Together Financial Services Limited.
- "Shareholder Loan Notes Novation Intercompany Loans" means the Midco2 Shareholder Loan Notes Novation Intercompany Loan, the Issuer Shareholder Loan Notes Novation Intercompany Loan and the Topco Shareholder Loan Notes Novation Intercompany Loan.
- "Staff Incentive Plan" means the plan introduced in July 2014 related to cash payments to qualifying employees upon the occurrence of a "major corporate transaction" as determined by the Board of Directors and shareholders of the Company. See *"Management—Staff Incentive Plan."*

- "Standard Life Investments" means certain funds managed by Standard Life Investments and certain of its affiliates.
- "Standstill Agreement" means the agreement among Topco, the Trustee and holders of the Vendor Notes entered into on or about the Issue Date to prohibit enforcement actions under the security documents with respect to the Vendor Notes.
- "Subordinated Shareholder Funding" means the Topco Shareholder Loan Notes Novation Intercompany Loan and the Issuer Roll-Up Notes. See *"Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*
- "Subordination Deed" means the agreement among the Issuer, Topco, the Security Agent and the Trustee entered into on or about the Issue Date providing for the subordination of the obligations with respect to the Subordinated Shareholder Funding to the obligations of the Issuer under the Notes.
- "Topco" means Bracken Topco Limited, a wholly owned subsidiary of Famco and the direct parent company of the Issuer.
- "Topco Shareholder Loan Notes Novation Intercompany Loan" means the £43.0 million in aggregate principal amount deeply subordinated loan from Topco to the Issuer incurred in connection with the novation of the obligations under the Novated Shareholder Loan Notes from the Company to Famco on or about the Issue Date. See *"Summary—The Transactions"* and *"Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*
- "Transactions" means the actions as described under "*Summary—The Transactions.*"
- "Vendor Notes" means the deferred interest payment-in-kind notes in an aggregate principal amount of £100.0 million to be issued by Topco to the Funds on or about the Issue Date. On or about the Issue Date, the Midco2 Roll-Up Note will be rolled-up from Midco2 to the Issuer and from Issuer to Topco through an exchange option mechanism, as a result of which, the Funds will receive the Vendor Notes from Topco. See *"Summary—The Transactions"* and "*Description of Certain Financing Arrangements—Subordinated Shareholder Funding."*

Currency Presentation

In this offering memorandum, unless otherwise indicated, all references to "**pounds sterling**," "**sterling**" and "**£**" are to the lawful currency of the United Kingdom.

Summary

This summary highlights information contained elsewhere in this offering memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this offering memorandum. You should carefully read the entire offering memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the more detailed information in the financial statements and the related notes included elsewhere in this offering memorandum, before making an investment decision. Please see the section entitled "Risk Factors" for factors that you should consider before investing in the Notes and the section entitled "Forward-looking statements" for information relating to the statements contained in this offering memorandum that are not historical facts.

Overview

We are a specialist UK mortgage loan provider, established in 1974, and have successfully operated throughout our 42 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 81% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialize in offering individually underwritten loans (using a non-automated decision model) supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms and auction houses and through our direct sales team. We underwrite and service all our loans internally providing efficient automated processing while retaining manual underwriting of the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2016, we had interest receivable and similar income of £210.8 million and EBITDA of £159.3 million. In the year ended June 30, 2016, we advanced £1,011.5 million of new lending. As of June 30, 2016, we had shareholder funds, including subordinated debt, of £574.9 million. As of June 30, 2016, our total loan assets were £1,800.7 million, with an average loan value of approximately £62,700. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*."

As of June 30, 2016, 33.8% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the Financial Conduct Authority ("**FCA**") as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("**CBTL**") written after this date. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 50.3% of our development loans were underwritten prior to 2010 which we continue to support, and 49.7% were underwritten from 2010 onwards. As of June 30, 2016, 99.7% of our retail purpose loans, 69.6% of our commercial purpose loans and 93.3% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit, affordability and repayment assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms ("affordability"), the repayment strategy where the loan will not be repaid from installments and security being the adequacy of the property which will serve as security for the loan. To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program and comprehensive quality assurance sampling procedures. This is supported by a formal corporate governance structure, which includes conducting internal and compliance audits as well as a formal committee structure to agree on policy decisions and monitor credit quality. Additionally, external loan asset audits have been conducted annually, pursuant to the terms of certain of our financing arrangements.

As of June 30, 2016, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the year ended June 30, 2016, with the LTVs of our loan portfolio on a weighted average indexed basis as of and for the year ended June 30, 2016 at 52.6%, and the LTV on a weighted average basis of new loans underwritten by us for the year ended June 30, 2016 at 57.1%. We have historically lent at low LTVs compared to other lenders, including in the period leading up to the 2007 financial crisis during which many other lenders extended loans with LTVs in excess of 95%. As of June 30, 2016, 93.1% of our total loan portfolio and 87.9% of the Borrower Group loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of our group has provided us with significant protection in times of falling property prices and economic downturns, thereby minimizing our levels of provisions and losses. For each of the two years ended June 30, 2014, and 2015 pursuant to UK GAAP, bad and doubtful debts provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £1.2 million and £(0.9) million, respectively, representing only 0.1% and (0.1)%, respectively, of our total loan assets. For the years ended June 30, 2015 and 2016, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million and £13.8 million, respectively, representing only 0.5% and 0.8% respectively, of our total loan assets for at the end of each period. With respect to loans originated between the year ended July 1, 2009 and the year ended June 30, 2015 and subsequently repossessed in the year ended June 30, 2016, management estimates that average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group to be 100.0%.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings to total loan assets was 67.3% as of and for the year ended June 30, 2016. The ratio of net senior secured borrowings to value of total underlying security, which is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets, was 35.4% as of and for the year ended June 30, 2016.

Retail Purpose Lending

As of and for the year ended June 30, 2016, retail purpose loans comprised 33.8% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 48.5% and a weighted average nominal rate of 10.2%, substantially all of which were secured by residential property and the remainder of which were secured by semi-commercial (“**mixed use**”) property. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes. First lien and second lien loans represented 19.3% and 80.7% of our retail purpose loans, respectively, calculated by value as of and for the year ended June 30, 2016. We offer retail purpose loans under the “Together” brand through our subsidiary, Cheshire Mortgage Corporation Limited (“**CMCL**”), which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until recently, we also offered second lien mortgages through our subsidiary, Blemain Finance Limited ("**BFL**"). BFL will continue managing its existing loan portfolio, while all new loans since March 21, 2016 are underwritten by CMCL. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to new, current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland. Based on OC&C data, as of June 30, 2015, we had estimated market shares of less than 1% and 16% of our addressable target markets for first lien and second lien retail purpose lending in the United Kingdom, respectively, but a much smaller share of the wider first lien retail purpose lending market.

Commercial Purpose Lending

As of and for the year ended June 30, 2016, commercial purpose loans comprised 62.0% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 52.9% and a weighted average nominal rate of 11.8%, 50.4% of which are short-term commercial purpose loans and 49.6% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans, defined as having original maturities of up to 24 months, are secured by property, of which 65.1% is residential and 34.9% is commercial and semi-commercial property. Our medium and long-term commercial purpose loans, defined as having original maturities greater than 24 months, are secured by property, of which 74.2% is residential and 25.8% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as "**BTL+**," which includes our buy-to-let lending activity (excluding CBTL), as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both more than 50% of loan proceeds are for business purposes and where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as Commercial Security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 86.8% and 13.2% of our short-term commercial purpose loans, respectively, and 70.6% and 29.4% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2016. We offer commercial purpose loans under the "Together" brand through our subsidiaries Lancashire Mortgage Corporation Limited ("**LMCL**") and Auction Finance Limited ("**AFL**"). Until recently, we also offered commercial purposes loans through our subsidiaries, Bridging Finance Limited ("**BDFL**"), Harpmanor Limited ("**HARPL**"), and BFL. We have decided to consolidate the distribution of commercial purpose loans into LMCL and we expect this process to complete by the end of 2016. Each of these entities will continue to manage their respective existing loan portfolios.

We distribute approximately 50%, of our short-term commercial purpose loans through direct channels which consist of, among others, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. We distribute approximately 50% of our short-term commercial purpose loans through our broker network. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of and for the year ended June 30, 2016, development loans comprised 4.2% of our loan portfolio, a decrease in comparison with 5.2% as of June 30, 2015. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 50.3% were originated prior to 2010 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since 2010 and subsequently redeemed had a weighted average elapsed term of 13.2 months. For the year ended June 30, 2016, we extended £8.8 million in further advances on loans originated prior to June 30, 2015 (of which £0.7 million related to loans originated prior to 2010) and have underwritten £36.9 million in new development loans comprised of £18.6 million of initial advances and £18.3 million of further advances. As of June 30, 2016, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. For the year ended June 30, 2016 we recorded allowances for impairment on development loans of £17.6 million, which, pursuant to IFRS, incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of June 30, 2016, pursuant to IFRS.

		Commercial Purpose 62.0%(1)			
	Retail Purpose 33.8%	**Short-term Commercial Purpose 50.4%**	**Medium- and Long-term Commercial Purpose(3) 49.6%**		**Development 4.2%**
			Commercial Security	BTL +	
Principal Subsidiaries	• CMCL • BFL(4)	• LMCL • BDFL(4) • AFL • HARPL(4)	• LMCL • BFL(4) • HARPL(4)	• LMCL • BFL(4) • HARPL(4)	• LMCL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to property investors and high net-worth individuals
Regulator	FCA	Unregulated	Unregulated	Unregulated	Unregulated
Distribution	• Broker network • Direct sales	• Broker network • Professional referrals • Auction houses • Direct sales	• Broker network • Professional referrals • Direct sales	• Broker network • Professional referrals • Direct sales • Auction houses	• Direct sales • Broker network • Professional referrals
Security	• Residential property	• Residential property • Commercial and semi-commercial property	• Commercial and semi-commercial property	• Residential property	• Residential property • Commercial and semi-commercial property
Terms	1 to 30 years	Up to 24 months	2-30 years	2-30 years	Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Project appraisal
Loan Portfolio Value	• First lien: £117.3 million • Second lien: £491.8 million • Total: £609.2 million	• First lien: £489.6 million • Second lien: £74.5 million • Total: £564.1 million	• First lien: £134.1 million • Second lien: £8.9 million • Total: £143.0 million	• First lien: £257.6 million • Second lien: £154.0 million • Total: £411.7 million	• First lien: £58.8 million • Second lien: £17.2 million • Total: £76.0 million
Number of Loans	• First lien: 2,204 • Second lien: 17,932 • Total: 20,136	• First lien: 1,827 • Second lien: 399 • Total: 2,226	• First lien: 1,108 • Second lien: 131 • Total: 1,239	• First lien: 2,565 • Second lien: 2,404 • Total: 4,969	• First lien: 158 • Second lien: 53 • Total: 211
Weighted Average Indexed LTV	• First lien: 42.4% • Second lien: 49.9% • Total: 48.5%	• First lien: 56.9% • Second lien: 53.5% • Total: 56.4%	• First lien: 47.3% • Second lien: 43.5% • Total: 47.0%	• First lien: 49.0% • Second lien: 52.2% • Total: 50.2%	• First lien: 80.5% • Second lien: 80.2% • Total: 80.4%

		Commercial Purpose 62.0%[(1)]			
	Retail Purpose 33.8%	**Short-term Commercial Purpose 50.4%**	**Medium- and Long-term Commercial Purpose[(3)] 49.6%**		**Development 4.2%**
			Commercial Security	BTL +	
Weighted Average Nominal Rate	• First lien: 9.1% • Second lien: 10.5% • Total: 10.2%	• First lien: 13.5% • Second lien: 14.3% • Total: 13.6%	• First lien: 10.5% • Second lien: 10.9% • Total: 10.5%	• First lien: 9.7% • Second lien: 9.5% • Total: 9.7%	• First lien: 13.2% • Second lien: 10.7% • Total: 12.7%
Average Inception Loan Size[(2)(3)]	• First lien: £56.9 thousand • Second lien: £30.6 thousand • Total: £33.5 thousand	• First lien: £281.7 thousand • Second lien: £193.3 thousand • Total: £265.9 thousand	First lien: £126.9 thousand • Second lien: £75.1 thousand • Total: £121.5 thousand	First lien: £104.9 thousand • Second lien: £66.4 thousand • Total: £86.3 thousand	• First lien: £327.1 thousand • Second lien: £173.2 thousand • Total: £288.4 thousand
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: £75.0 thousand • Second lien: £49.6 thousand • Total: £55.3 thousand	• First lien: £308.1 thousand • Second lien: £311.4 thousand • Total: £308.4 thousand	First lien: £158.0 thousand • Second lien: £112.3 thousand • Total: £154.0 thousand	First lien: £131.0 thousand • Second lien: £82.5 thousand • Total: £106.8 thousand	• First lien: £300.5 thousand • Second lien: £552.6 thousand • Total: £327.1 thousand
Number of Loans Underwritten in the Last 12 Months	• First lien: 692 • Second lien: 2,383 • Total: 3,075	• First lien: 1,484 • Second lien: 183 • Total: 1,667	• First lien: 321 • Second lien: 31 • Total: 352	• First lien: 939 • Second lien: 936 • Total: 1,875	• First lien: 51 • Second lien: 6 • Total: 57
Value of Loans Underwritten in the Last 12 Months (excluding further advances of £54.1 million)	• First lien: £51.9 million • Second lien: £118.3 million • Total: £170.2 million	• First lien: £457.2 million • Second lien: £57.0 million • Total: £514.1 million	• First lien: £50.7 million • Second lien: £3.5 million • Total: £54.2 million	• First lien: £123.0 million • Second lien: £77.2 million • Total: £200.2 million	• First lien: £15.3 million • Second lien: £3.3 million • Total: £18.6 million
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: 7.6% • Second lien: 7.9% • Total: 7.8%	• First lien: 12.8% • Second lien: 13.5% • Total: 12.9%	• First lien: 9.2% • Second lien: 9.5% • Total: 9.3%	• First lien: 8.6% • Second lien: 8.5% • Total: 8.5%	• First lien: 14.6% • Second lien: 13.5% • Total: 14.4%
Weighted Average APR of Loans Underwritten in the Last 12 Months	• First lien: 9.1% • Second lien: 9.9% • Total: 9.6%	• First lien: 18.4% • Second lien: 19.9% • Total: 18.6%	• First lien: 10.6% • Second lien: 11.1% • Total: 10.6%	• First lien: 9.8% • Second lien: 10.0% • Total: 9.9%	• First lien: 27.1% • Second lien: 22.7% • Total: 26.3%

	Retail Purpose 33.8%	Commercial Purpose 62.0%[1]: Short-term Commercial Purpose 50.4%	Commercial Purpose 62.0%[1]: Medium- and Long-term Commercial Purpose[3] 49.6% — Commercial Security	Commercial Purpose 62.0%[1]: Medium- and Long-term Commercial Purpose[3] 49.6% — BTL +	Development 4.2%
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien: 47.7% • Second lien: 58.0% • Total: 54.9%	• First lien: 58.6% • Second lien: 55.9% • Total: 58.3%	• First lien: 53.1% • Second lien: 44.2% • Total: 52.5%	• First lien: 56.3% • Second lien: 59.9% • Total: 57.7%	• First lien: 50.3% • Second lien: 69.0% • Total: 53.6%

(1) The aggregate average loan size of commercial loans is £132.7 thousand.
(2) The aggregate average loan size of retail, commercial purpose and development loans is £62.7 thousand.
(3) The average loan size of medium- and long-term commercial purpose loans is £89.4 thousand.
(4) BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, the Original Senior Secured Notes (redeemed with the proceeds of the Refinancing) and the Conduit Securitizations. As of June 30, 2016, our shareholders' funds were £574.9 million, including £60.0 million intercompany loans from our parent companies. As of June 30, 2016, the Issuer's shareholders' funds, as adjusted to give effect to the Refinancing and the Transactions, were £361.3 million, including £143.0 million outstanding of intercompany loans from the parent companies of the Issuer. As of June 30, 2016, the total commitments available under the CABS Securitization and the LABS Securitization were £1,000.0 million (£760.0 million outstanding) and £255.0 million (£200.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £29.0 million (£nil million drawn and outstanding after the Refinancing).

Pursuant to each of the Conduit Securitizations, certain of our operating subsidiaries (the "**Originators**") sell on a random basis, subject to meeting certain eligibility criteria of each Conduit Securitization, certain of our qualifying mortgage loans to Charles Street ABS and Lakeside ABS, respectively, each a bankruptcy-remote special purpose vehicle established for purposes of the Conduit Securitizations. Each of Charles Street ABS and Lakeside ABS finance these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the respective Conduit Securitizations or an affiliate the banks parties, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators.

The assets of both Charles Street ABS and Lakeside ABS are included within our consolidated accounts. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS) and commercial purpose loans (with respect to both Charles Street ABS and Lakeside ABS) eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria, and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to either Conduit Securitization. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the assets, approximately 90% have been eligible at origination for sale to Charles Street ABS and since August 2015, due to the nature of the loans, approximately 30% of loans underwritten by us have been eligible for sale to Lakeside ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS or Lakeside ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Principal losses recognized on loans repurchased from the CABS Securitization was on average approximately £0.1 million per year between January 1, 2012 and June 30, 2016. Principal losses recognized on loans repurchased from the LABS Securitization has been £nil since its inception in August 2015 until June 30, 2016.

Surplus income of each of the Conduit Securitizations, after paying interest and fees in connection with the applicable Conduit Securitization, but including interest paid to the Originators on the subordinated subscription notes, is paid to the Originators on a monthly basis, except during a default or full amortization period. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.0 million per month between July 1, 2015 and June 30, 2016 (or £84.1 million for the year ended June 30, 2016). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.2 million per month between August 13, 2015 and June 30, 2016 (or £23.8 million for period from August 13, 2015 to June 30, 2016).

As of June 30, 2016, Charles Street ABS held total loan assets with a principal balance of £952.2 million, had cash of £47.8 million and had net creditors of £6.6 million. As of June 30, 2016, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £760.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £233.4 million.

As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million, had cash of £28.1 million and had net creditors of £1.9 million. As of June 30, 2016, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £200.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £68.3 million.

As of June 30, 2014, 2015 and 2016, Charles Street ABS held total loan assets with a principal balance of £527.0 million, £805.9 million and £952.2 million, respectively. As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million. For additional information in respect of the Conduit Securitizations, see "*Description of Certain Financing Arrangements—Conduit Securitizations*." The Borrower Group's total loan assets, as of June 30, 2014 and 2015, pursuant to UK GAAP, were £549.2 million and £635.8 million, respectively, net of suspended income and provisions for bad and doubtful debts. The Borrower Group's total loan assets, as of June 30, 2015 and 2016, pursuant to IFRS, were £617.7 million and £606.4 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £377.8 million, £519.6 million and £833.0 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £122.1 million, £153.0 million and £191.9 million of interest and fees, respectively, and £255.7 million, £366.6 million and £641.1 million of principal receipts, respectively. Cash receipts expressed as a percentage of total average loan assets, pursuant to UK GAAP, increased from 36.8% in the year ended June 30, 2014 to 41.3% in the year ended June 30, 2015, pursuant to IFRS, increased from 42.0% in the year ended June 30, 2015 to 51.7% in the year ended June 30, 2016, in part reflecting the fall in the group's arrears levels and also the growth in our short-term commercial purpose lending activity.

The Borrower Group generated £231.1 million, £286.8 million, and £425.2 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £51.4 million, £61.5 million and £52.0 million of interest and fees, respectively, £127.0 million, £155.3 million and £268.7 million of principal receipts, respectively, and £52.8 million, £70.0 million and £104.6 million surplus income from the Conduit Securitizations, respectively. Cash receipts expressed as a percentage of total average loan assets of the Borrower Group, pursuant to UK GAAP, increased from 44.9% in the year ended June 30, 2014 to 48.4% in the year ended June 30, 2015 and, pursuant to IFRS, increased from 50.1% in the year ended June 30, 2015 to 69.5% in the year ended June 30, 2016 in part reflecting the fall in the group's arrears levels and also reflecting the growth in our short-term commercial purpose activity and an increase in surplus income from the Conduit Securitizations as such facilities have increased in size. See "*—Our sources of funding*."

The group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £338.1 million, £467.4 million and £771.8 million, respectively.

The Borrower Group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £191.4 million, £234.6 million and £364.0 million, respectively.

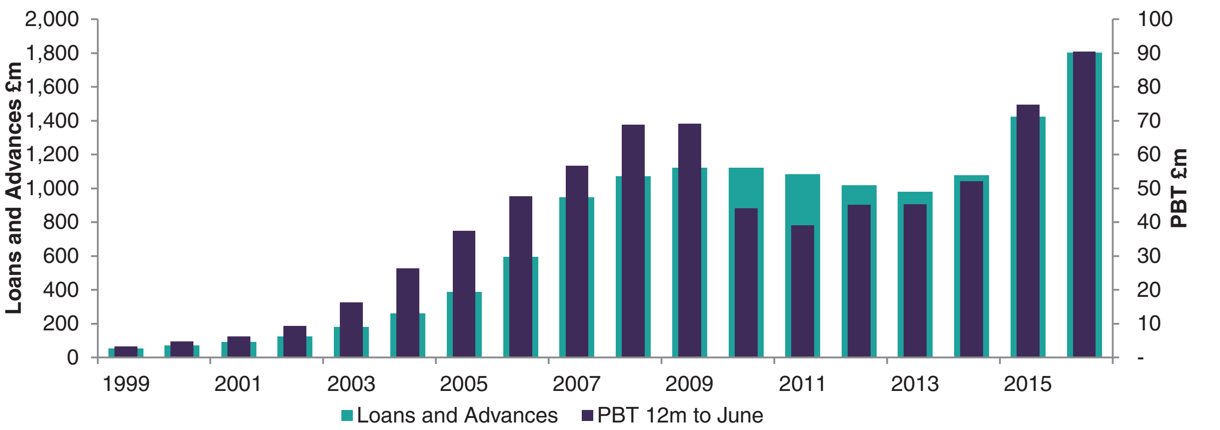
The group paid interest costs of £32.7 million, £43.6 million and £61.7 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. The fees for the for the year ended June 30, 2016 included fees related to the introduction of the £255.0 million LABS Securitization, the upsizing and extension of the £1,000.0 million CABS Securitization and the renewal of the £29.0 million Revolving Credit Facility.

The Borrower Group paid interest costs of £15.8 million, £24.7 million and £32.3 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. See "*—Our Sources of Funding"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

Our Competitive Strengths

Track record of continuous profitable growth through multiple business cycles. We have been profitable since our establishment over 42 years ago, including throughout the most recent financial crisis and economic downturn, during which many of our competitors and financial institutions in general suffered significant losses, with a number of our competitors discontinuing originating loans or, in certain instances, ceasing trading. We remained profitable throughout such period and experienced only relatively modest reductions in the aggregate amount of our loan portfolio. In each of the years ended June 30, 2014 and 2015, pursuant to UK GAAP, we had profit before tax of £52.0 million and £70.1 million, respectively. In the years ended June 30, 2015 and 2016, pursuant to IFRS, we had profit before tax of £74.8 million and £90.3 million, respectively. We have historically generally reinvested all of our profits in our business, which has supported the growth in our balance sheet and resulted in shareholders' funds as of June 30, 2016, of £574.9 million, including £60.0 million outstanding of Existing Subordinated Shareholder Loan Notes. In the years ended June 30, 2014, 2015 and 2016, we advanced £354.1 million, £725.1 million and £1,011.5 million of new loans respectively.

The chart below shows the growth of our loan book and our profit before taxes in the period from 1999 to the year ended June 30, 2016. Information for the period from June 30, 1999 to June 30, 2014 is presented in accordance with UK GAAP, while information for the years ended June 30, 2015 and 2016 is presented in accordance with IFRS.



In the years ended June 30, 2015 and 2016, our EBITDA was £128 million and £159 million, in accordance with IFRS, compared to £97 million in 2007, in accordance to UK GAAP.

Unique and proven business model focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both retail and commercial purposes, primarily secured on residential property, at low LTVs, to homeowners, small and medium-sized enterprises ("**SMEs**"), property investors and high net worth individuals. According to the Council of Mortgage Lenders ("**CML**") and the Bank of England, the total United Kingdom mortgage market has grown from the 12 months ended June 2011 to 12 months ended June 2015 in terms of value of the annual mortgage originations at a compound rate of 10.9%, with increasing levels of available homeowners' and property investors' equity. According to the Council of Mortgage Lenders ("**CML**") and the Bank of England, in the 12 months ended June 2016 annual mortgage originations were £243.0 billion, 20.1% up on the comparable prior period. We identify and operate in niche market segments of the broader mortgage market, in which customers are generally underserved by high street lenders. As a result of economic and regulatory trends that have affected high street lenders, borrowers are increasingly seeking financing from alternative lenders. Our addressable markets are estimated to have grown faster in terms of value than the wider United Kingdom mortgage markets in the 2011-2015 period according to OC&C. In capturing such market growth, we differentiate ourselves from our competitors by our specialist underwriting skills, speed of execution, distribution network, service delivery and product range. Customers, brokers and our other distribution partners turn to Together because of our product offering combined with a flexible, customized approach that allows us to meet our customers' needs. Our customers are often unable to secure funding from mainstream lenders, in a timely fashion or at all, due to the customers' historical circumstances, the nature of the property to be financed, the borrowing purpose or the speed in which the funds are required. Mainstream lenders often automate the underwriting process, which can lead to rejection of large numbers of creditworthy customers as a result of non-standard loan applications. Our manual underwriting process is based on the principles of affordability, sustainability and recoverability, which take into consideration default minimums, stress buffers, customer history and financial position, understanding of the repayment strategy and in-depth security reviews with valuations, comparison and legal reviews. Our manual underwriting process allows us to carefully assess the customer and the security on their individual merits, thereby providing a greater understanding of the nature and level of the credit risk, as opposed to making our decision using a general credit score approach. In addition, brokers turn to Together because of our broad and flexible product offering, our experience and strong reputation having been established for 42 years and our levels of service. Our capabilities are supported by our fully developed in-house platform, from origination through to servicing collections, all located within our modern head offices. We continually seek to identify new opportunities to develop our loan offerings through our product development team, which works closely with brokers and other stakeholders in our distribution channels to identify new niche market segments where customers are underserved. By operating in markets with less competition and only lending at low LTVs, we are able to achieve an attractive risk-adjusted return on our total loan assets. The weighted average nominal rate and annual percentage rate ("**APR**") of new loans underwritten by us for the year ended June 30, 2016 was 10.9% and 14.9%, respectively. Our net interest margin for the year ended June 30, 2016 was 8.9%.

Broad, growing distribution network, supported by long-standing relationships with brokers and direct routes to markets. Our established and diversified distribution channels consist of our broker network and our direct channels. Our direct channels include originations through our relationships with auction houses, sourced from our professional network, including lawyers, accountants, bankers and surveyors, repeat customers and our own direct sales teams. In the year ended June 30, 2016, 70% of the loans (by value) we extended were sourced from brokers and 30% were sourced from our direct channels. Our broad third party distribution network is based on stable and long standing relationships with these partners. Our relationships with brokers were further strengthened during the global financial crisis as a result of the related reduction in the number of competitors that operated within our market segments during this period, in which we continued to lend. For the year ended June 30, 2016, we originated loans through approximately 430 brokers (from 205 brokers in the year ended June 30, 2012), 149 of which each generated new advances in excess of £500,000 compared to 40 such brokers in the year ended June 30, 2012. Our recent rebranding to "Together" supports both origination through our direct channels and our broker network. For the year ended June 30, 2016, our largest individual broker accounted for 8% of aggregate broker advances, our top ten and top 20 brokers accounted for 38% and 54% of aggregate broker advances, respectively.

Prudent underwriting leading to strong asset backing and robust credit performance. Together has built a loan portfolio which we believe is well-balanced across retail purpose (including CBTL) and commercial purpose loans (including buy-to-let), maturity lengths, geographical spread and niche markets. We have refined our underwriting process based on over 42 years of experience, including through various property crises and while remaining profitable throughout such periods. Approximately 81% of our loans are secured on residential properties and the balances are secured on commercial and semi-commercial properties. We believe that residential property prices are less volatile than commercial and semi-commercial property prices in times of economic downturn. A long standing, fundamental principle of our group has been lending at low LTVs, which mitigates our risk of loss in the event of repossession, and, we believe, provides our customers an incentive to engage with us to find acceptable solutions in the event they face difficulties meeting their financial obligations. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices, as shown by our modest levels of bad and doubtful debts charges throughout the 2008-2011 period. The weighted average indexed LTV of our loan portfolio, as of June 30, 2016, was 52.6% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of June 30, 2016, was 58.4%. As of

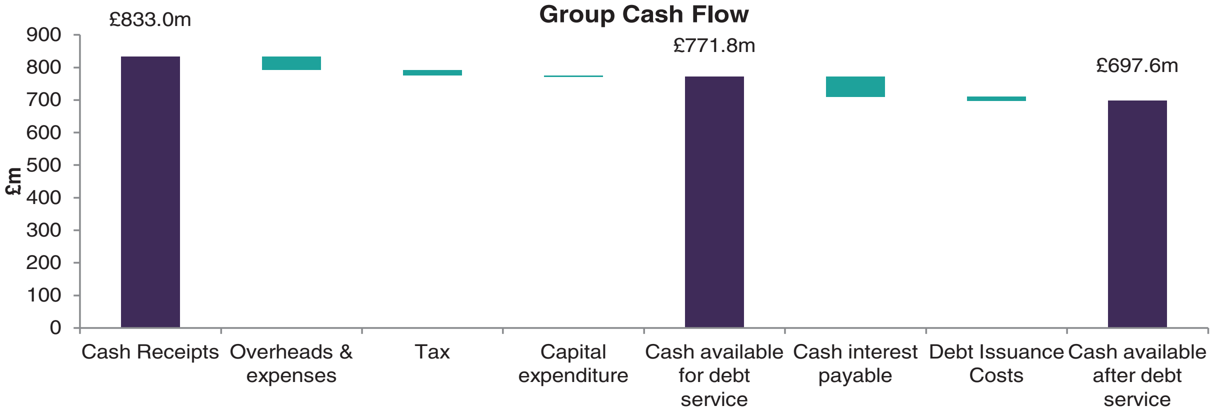
June 30, 2016, 93.1% of our loan portfolio and 87.9% our Borrower Group's loan portfolio had an origination LTV less than 75%. For additional information in respect of the Borrower Group's loan portfolio, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrower Group Loan Analysis*." The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2006 and 2007 (prior to the recent global financial crisis) was 65.6% and 65.8%, respectively. The weighted average LTV of new loans underwritten between July 1, 2009 and June 30, 2013 (during the recent global financial crisis) was 52.6%. The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2014, 2015 and 2016 (following the recent global financial crisis) was 54.4%, 55.4% and 57.1%, respectively with 2.4%, 1.2% and 0.8% of new loans underwritten having an LTV in excess of 80%. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of June 30, 2016, when comparing our loan balances (before allowances for impairment) to the respective indexed valuations of the properties, an assumed 20% decline to indexed valuations on a loan by loan basis would result in an additional negative equity exposure of £21.0 million and £19.4 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities*."

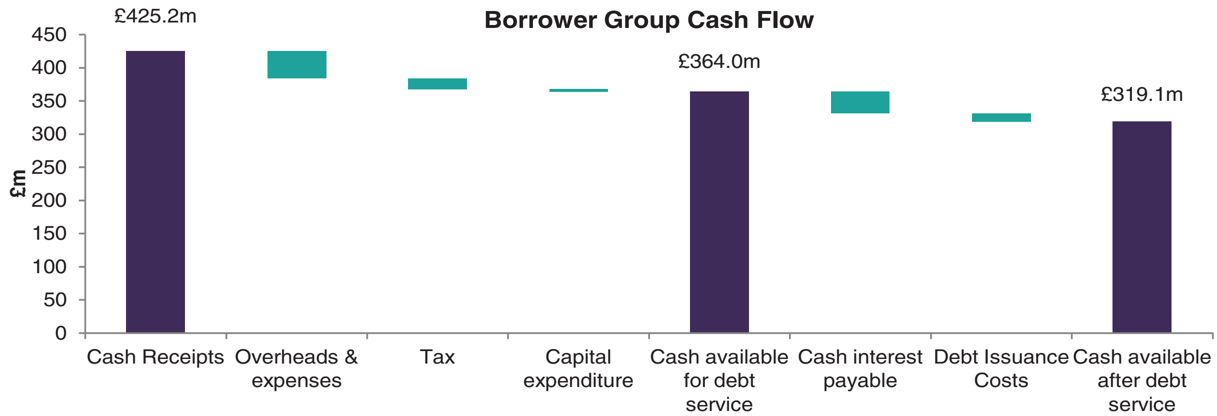
Strong sources of funding. We have strong sources of funding, including cash from operations, the Conduit Securitizations, the Revolving Credit Facility, the Senior Secured Notes issued on October 13, 2016, subordinated shareholder indebtedness and shareholder equity. In the case of the Conduit Securitizations and the Revolving Credit Facility, our lenders consist of financial institutions with whom we have long-standing relationships as well as additional leading financial institutions which have recently acceded to the Conduit Securitizations and the Revolving Credit Facility. In August 2015, we entered into a new £255 million LABS Securitization program maturing in August 2018, with some of the same lenders as under the CABS Securitization. In March 2016, we increased the CABS Securitization, by £325.0 million to £1,000 million, extended the maturity to 2021 and improved the commercial terms. On October 13, 2016, we refinanced the £300.0 million aggregate principal amounts of 9 ¾% Original Senior Secured Notes due 2018 with £375.0 million aggregate principal amount of 6 ¼% Senior Secured Notes due 2021. We have a track record of successfully extending maturity, increasing the size and enhancing the terms of our financing arrangements in line with our growth and have a maximum exposure of 27% to any single lending counterparty under the Conduit Securitizations and the Revolving Credit Facility as a percentage of drawn balances as of June 30, 2016. We adopt a policy of annually extending the Conduit Securitizations and Revolving Credit Facility, and we believe that the weighted average maturity profile of such facilities provides continuity even in economically challenging periods. Our weighted average maturity profile of our facilities increased from approximately 3.2 years as of June 30, 2015 to approximately 3.6 years as of June 30, 2016 and will increase to 4.2 years following the issuance of the Senior Secured Notes.

Highly cash generative. The group is highly cash generative and had £833.0 million of cash receipts for the year ended June 30, 2016, comprising £191.9 million of interest and fees and £641.1 million of principal receipts. As of June 30, 2016, our total loan assets were £1,800.7 million. The levels of cash generation have been increasing over the past years, supported by the high growth of our loan book in the same period, and partly through the proportionate increase in short-term commercial purpose loans, which have a faster redemption profile in comparison with other types of loans that we offer. Cash receipts expressed as a percentage of total average loan assets increased from 36.8% (pursuant to GAAP) in the year ended June 30, 2014 to 51.7% (pursuant to IFRS) in the year ended June 30, 2016, in part reflecting the fall in our arrears levels and also the growth of our short-term commercial purpose lending. The Borrower Group generated £425.2 million of cash receipts in the year ended June 30, 2016, comprised of £52.0 million in interest and fees, £268.7 million in principal receipts and £104.6 million surplus income from the Conduit Securitizations. See "*—Overview—Our Sources of Funding*." Cash receipts for the Borrower Group expressed as a percentage of average loan assets of the Borrower Group increased from 44.9% (pursuant to UK GAAP) in the year ended June 30, 2014 to 69.5% (pursuant to IFRS) in the year ended June 30, 2016. The group had cash outflow related to overheads, tax and capital expenditure of £61.3 million in the year ended June 30, 2016, resulting in cash available for debt service and underwriting new loans of £771.8 million for the group and £364.0 million for the Borrower Group. We are able to effectively manage our liquidity by controlling the amount of new loans we underwrite in any given period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

The table below sets forth cash receipts by the group and the Borrower Group for the years ended June 30, 2014, 2015 and 2016.

The tables below set forth the paid interest costs and debt issuance costs for the group and the Borrower group for the year ended June 30, 2016.





Cash flows available for debt repayment or new advances are £710.1 million (stated before debt issuance costs of £12.5 million), which is equivalent to 83.7% of total cash receipts of £833.0 million after expenses, capex, taxes and interest expense have been taken out and equates to 4.5 times EBITDA for the year ended June 30, 2016.

Active and effective arrears and collections management. We actively manage our level of arrears by employing a variety of collection strategies based on the particular circumstances of each customer, acting fairly and appropriately, in line with our internal policies and regulatory requirements. Due to our active management of arrears, in addition to our strong underwriting and the conservative LTV profile of our loan assets, we had virtually no principal losses prior to 2008 and our provisions for bad and doubtful debts expensed to our profit and loss account in respect of potential loan principal losses in each of the years between 2008 and 2013 amounted to only 1% of our average total loan assets, and 0.1% and (0.1)% of our average total loan assets for the years ended June 30, 2014 and June, 2015, respectively, in accordance with UK GAAP. In the year ended June 30, 2015 and year ended June 30, 2016, the impairment losses amounted to 0.5% and 0.8% of our average total loan assets pursuant to IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—UK GAAP to IFRS Reconciliation*." We proactively work with our customers who are experiencing a reduced ability to pay their mortgage loans, offering a range of forbearance measures appropriate to customers' circumstances, including, for example, income and expenditure reviews, payment plans and assisted sale schemes. We continuously invest in developing our customer relationship management information technology ("**IT**") platform in our collections area, which we use to improve the effectiveness and efficiency of our collection process. This platform helps us to record and track detailed information about our customers, their circumstances including their financial position, thereby facilitating the arrangement of effective, tailored payment plans as well as more focused ongoing dialogue with our customers. As a result of our proactive approach with our customers and an improvement in the credit quality of the customers to whom we have lent since 2008, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) decreased from 4.4% for loans funded in the year ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014. We believe that our close management of accounts in arrears ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of June 30, 2016, of our contractual arrears greater than one month's contractual installment, which represented 10.3% of our loan portfolio and 27.4% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 58.8% and 49.3% of the group and the Borrower Group, respectively, were classified as performing arrears loans, in respect of which either arrears were less than or equal to three monthly contractual installments or within the last three months 90% or more of contractual installments had been received.

Strong governance structure, risk and compliance control. Culture and staff values are deeply embedded within our organization and senior management team. The interests of our customers are at the heart of what we do. We endeavor to understand our customers' needs and design products that are fair and transparent, and to help customers who are in financial difficulty or assessed as vulnerable through pre-emptive collection strategies and appropriate forbearance tools. We also undertake root cause analysis of the complaints received in order to improve our customers' journeys. We have in place a governance and management structure that we believe ensures effective risk management, supports decision making and provides strong oversight over all of our business activities. In addition, we believe that our focus on risk and compliance is essential to our reputation and also represents good business practice in an increasingly regulated market. Our commitment to strong governance and risk and compliance control is also evidenced by our staff selection, training and retention policies, which include extensive referencing, continuous training and competency programs and performance management strategies based on qualitative appraisals and remuneration plans.

Experienced, long-serving and proven senior management team and distinguished new hires. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Three out of five executive members of the group's board of directors have served on the board of directors for over 20 years. Our consistent profitability since our establishment demonstrates both the depth of knowledge of our senior management team of the mortgage lending industry as well as their ability to adapt to the volatile environment of the previous economic downturns. In addition, as part of enhancing our governance to support future growth objectives, we have successfully recruited nine additional management team members in the last twelve months, including additions to the group, the Retail division and the Commercial division Boards, including a number of non-executive directors who have extensive industry experience. The average length of service of our executive and senior management team is in excess of ten years.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs in providing mortgage loans. Over the past eight years, we have increasingly used more stringent affordability metrics to ensure our customers are able to service their loans. This increased focus on affordability correlates with a significant decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014, and we maintain a continued focus on such policies which are further supported by the introduction of the Mortgage Market Review ("**MMR**") in April 2014 and Mortgage Credit Directive ("**MCD**") in March 2016 which prescribe certain minimum requirements in assessing affordability which also help maintain lower delinquency levels. We intend to target an average origination LTV of between 55% and 65% for new loans secured primarily on residential properties.

Maintain our balanced loan portfolio mix and continue to differentiate our distribution channels and products. We intend to maintain a balanced loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. Although throughout the economic cycle the Retail division and the Commercial division grow at different rates, we intend to maintain focus on both divisions. We also intend to continue to grow our loan portfolio through our well established broker network and further develop our direct lending channels. For the twelve months ended June 30, 2016, 30.4% of all new loans were originated through direct lending, also including referrals through auction houses, our professional network and direct sales including our growing repeat customer base. In support of both of our direct lending growth strategy and our broker strategy, in September 2015, we announced the rebranding of our operations and consolidated our existing brand names of both the Company and each of its trading subsidiaries under the unified, customer focused, "Together" brand, which we believe reflects our passion for working with our customers and business partners. In conjunction with the rebranding, we are also updating our website, which is expected to support our direct sales initiatives. Furthermore, to increase our direct sales channel, we are expanding our regional targeting of professional intermediaries to further increase introductions from our professional network. To implement this strategy, we have recently appointed several regional development managers. We are also actively seeking to deepen our relationships with auction houses and to increase our attendance at auction events. In addition, we will continue to seek new niche markets where we can offer new products by identifying customer groups that are underserved and trends in lending activity, including through our product development team and our relationships with our existing brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings and providing excellent customer service will continue to make us an attractive business partner to brokers, others who introduce business to us and our customers as well as allow us to secure margins that are more attractive than those available in non-niche market segments.

Grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market. We believe that historically the volume of loans we are able to originate was primarily limited by the amount of funding available to us, as well as the level of redemption activity. The increase in new business levels for the year ended June 30, 2016 has been due, in part, to the increased liquidity available given increased levels of redemption activity (driven by increase in our total loan assets), the issuance of an additional £100.0 million of the Original Senior Secured Notes (total aggregate amount of £300.0 million) in April 2015, the increase in the CABS Securitization facility by £325.0 million to £1,000 million in March 2016 and the execution of the £255.0 million LABS Securitization in August 2015. The market in the United Kingdom for retail purpose and commercial purpose mortgages has increased in recent years, corresponding with an upward movement in property prices, declining unemployment and improved economic sentiment. In addition, there has been a reduction in the number of products offered by high street lenders and certain customer segments are no longer serviced by such lenders. Combined with the additional funding, these factors have allowed us to increase our lending volumes and widen our customer base and improve the credit quality of the loans we underwrite. We intend to continue to grow our loan portfolio by continuing to identify demand for our product offerings and to support this by reinvesting our reserves and further increasing and diversifying our sources of funding.

Trading Update

Trading performance in both July and August 2016 resulted in an increase in profit before tax compared to the average monthly profit before tax for the months of April, May and June 2016. We originated a monthly average of £69.1 million of loans per month in July and August 2016, compared to a monthly average of £81.0 million for the months of April, May and June 2016, taking into consideration a slightly more cautious approach during the period immediately following the vote to leave the EU ("**Brexit**") in June 2016 and expected seasonal movements during the summer holiday period. In September 2016, we originated £89.3 million of loans. After June 30, 2016, we drew an additional £30.0 million under the Conduit Securitizations to support new lending activity.

Although economic conditions within the United Kingdom have generally improved since the financial crisis of 2008, with interest rates remaining stable and low, unemployment rates falling and property prices steadily increasing, the vote to leave the EU in June 2016 was initially expected to bring an increased risk of economic, political and regulatory uncertainty. This uncertainty could create adverse economic conditions, as evidenced by the initial reaction of the stock markets. Shortly after the Brexit vote, the political position of the United Kingdom government stabilized and the Bank of England increased quantitative easing and reduced interest rates. In addition, following initial falls after the Brexit vote, there has been improvements in a number of key

UK macro-economic indicators including the GfK Group UK consumer confidence index and the CIPS/Markit Purchases Manager Index. Although it is too early to predict the longer term implications of the Brexit vote, we recognize that uncertain and adverse economic conditions may make it more challenging to raise external funding in the future. To counteract such uncertainty, we intend to continue refinancing and extending our credit facilities to ensure that sufficient facility headroom is available to support our growth. At the same time, uncertain economic conditions may present opportunities for specialist lenders, such as Together. See "*Risk Factors—Risks Relating to Our Business—The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.*"

Recent Developments

Governance Review. In line with good practice, we commenced a corporate governance review using external consultants to ensure that our governance structures remain robust and sufficient resources are established to support our growth plans and anticipated changes in the regulatory environment. We elected to strengthen our governance structure by introducing a retail board of directors and a commercial board of directors, providing greater bandwidth to support the existing board of directors of the Company. Concurrently, we have also recruited a number of senior executives and appointed a number of non-executive directors. Nine new appointments have been made and the appointees have commenced their roles over the past twelve months and one appointment remains outstanding as of the date of this offering memorandum. We are undergoing a transition period as the individuals acquaint themselves with the business and help introduce internal controls, reporting and committee structures to support both the divisional boards. These appointees bring an array of skills and significant experience to Jerrold Holdings, covering commercial regulatory, operational, legal, and financial knowledge, and have been selected to complement the existing management team and the company's culture.

The Transactions

The Company, Henry Moser and the D.L. Moser 1995 Family Settlement No1 Trust (together, the "**Moser Shareholders**") and Equistone and Standard Life (together, the "**Funds**") have reached an agreement pursuant to which the Moser Shareholders will indirectly acquire the equity interest held by the Funds in the Company for a total consideration of £274.5 million. In connection with the exit by the Funds (the "**Exit**"), a series of holding companies will be incorporated above the Company (the "**Corporate Reorganization**"). Following the exit by the Funds and the Corporate Reorganization, the Moser Shareholders will indirectly own 100.0% of the share capital of the Issuer and own indirectly 100.0% of the voting shares of the Company.

In order to finance and facilitate the exit by the Funds the following actions will take place on or prior to the Issue Date:

- the Issuer, an indirect holding company of the Company, will issue the £220.0 million in aggregate principal amount of Senior PIK Toggle Notes due 2021 offered hereby (the "**Offering**");
- the Issuer will on-lend to Midco2, its direct subsidiary and direct holding company of the Company, an aggregate principal amount of £220.0 million (less certain fees and expenses related to the Transactions incurred by the Issuer);
- Midco2 will acquire the shares in the Company held by the Funds for consideration consisting of (i) cash in an amount of £174.5 million; and (ii) deferred interest payment-in-kind notes in an aggregate principal amount of £100.0 million (the "**Midco2 Roll-Up Notes**");
- the Funds will immediately transfer to the Issuer the Midco2 Roll-Up Notes through the exercise of concurrent put and call options in exchange for £100.0 million in aggregate principal amount notes issued by the Issuer (the "**Issuer Roll-Up Notes**" and, together with the Midco2 Roll-Up Notes, the "**Roll-Up Notes**"). The Funds will immediately transfer to Bracken Topco Limited ("**Topco**"), the direct parent holding company of the Issuer, the Issuer Roll-Up Notes through the exercise of concurrent put and call options in exchange for £100.0 million in aggregate principal amount notes issued by Topco (the "**Vendor Notes**"). The obligations of the Issuer under the Issuer Roll-Up Notes will be subordinated to the Issuer's obligations under the Notes pursuant to the Subordination Deed. As a result of the Transactions, the Vendor Notes will be held by the Funds;
- £43.0 million in aggregate principal amount of the Existing Subordinated Shareholder Loan Notes issued by the Company and held by the Moser Shareholders will be novated and replaced with loan notes maturing in

2036 and not requiring payment of cash interest until maturity (the "**Novated Shareholder Loan Notes**"). The obligations of the Company under the Novated Shareholder Loan Notes will be transferred in a series of transactions from the Company to Midco2, the Issuer, Topco and Redhill Famco Limited ("**Famco**"), the direct parent company of Topco. The Company will issue an equal amount of intercompany debt to Midco2 in exchange for Midco2 assuming the Company's obligations (the "**Midco2 Shareholder Loan Notes Novation Intercompany Loan**"), Midco2 will issue an equal amount of intercompany debt to the Issuer in exchange for the Issuer assuming Midco2's obligations (the "**Issuer Shareholder Loan Notes Novation Intercompany Loan**") and the Issuer will issue an equal amount of deeply-subordinated shareholder funding instruments to Topco in exchange for Topco assuming the Issuer's obligations (the "**Topco Shareholder Loan Notes Novation Intercompany Loan**" and, together with the Issuer Roll-Up Notes, the "**Subordinated Shareholder Funding**");

- Midco2 will on-lend to the Company an aggregate principal amount of £25.1 million to (i) repay an aggregate amount of £12.0 million of Existing Subordinated Shareholder Loan Notes held by the Funds, (ii) repay an aggregate principal amount of £5.0 million of Existing Subordinated Shareholder Loan Notes held by the Moser Shareholders and (iii) make certain payments pursuant to the staff incentive plan of the Company (the "**Staff Incentive Plan**") and of certain fees and expenses incurred by Jerrold Holdings in connection with the Transactions (the "**Subordinated Loan Notes Repayment Intercompany Loan**");
- certain members of the Company's management will sell a portion of their D Shares to Midco2 for cash consideration pursuant to the existing management incentive plan of the Company (the "**Management Incentive Plan**"); and
- following the Transactions and, following the Issue Date, certain members of the Company's management may enter into a new management incentive plan (the "**New Management Incentive Plan**") which is expected to be established through the Issuer or a direct or indirect parent company of the Issuer (the actions described above, together with the Corporate Reorganization, the "**Transactions**").

Each individual step in the Transactions is conditional upon the consummation of each of the other steps in the Transactions. On October 13, 2016, the Senior Secured Intercreditor Agreement was amended to permit the Transactions.

In connection with the Transactions, we will amend certain provisions of the Revolving Credit Facility related to parent funding to align them with the Senior Secured Intercreditor Agreement.

See "*Use of Proceeds*," "*Capitalization*," "*Management*," "*Shareholders*," "*Related Party Transactions*" and "*Description of Certain Financing Arrangements*."

The Refinancing

Senior Secured Notes Offering

On October 13, 2016, the Senior Secured Notes Issuer issued £375,000,000 aggregate principal amount of 6¼% Senior Secured Notes due 2021 (the "**Senior Secured Notes Offering**"). The net proceeds of the Senior Secured Notes Offering were used to satisfy and discharge the Original Senior Secured Notes, to repay all drawn and outstanding amounts under the Revolving Credit Facility, for general corporate purposes and to pay expenses in connection with the Senior Secured Notes Offering.

Tender Offer for the Original Senior Secured Notes

On October 13, 2016, the Senior Secured Notes Issuer completed a tender offer (the "**Tender Offer**") pursuant to which the Senior Secured Notes Issuer purchased £125,389,000 aggregate principal amount of the Original Senior Secured Notes that were validly tendered. The Senior Secured Notes Offering (together with the use of proceeds therefrom) and the Tender Offer are hereby referred to as the "**Refinancing**."

The Senior Secured Intercreditor Agreement and the Revolving Credit Facility

In connection with the Senior Secured Notes Offering, we amended and restated the Senior Secured Intercreditor Agreement, to provide, among other things, that certain liabilities in respect of indebtedness incurred under the

Revolving Credit Facility and certain hedging obligations that are secured by assets that also secure the Senior Secured Notes Issuer's or the Guarantors' obligations under the Senior Secured Notes or the guarantees thereof, as applicable, will receive priority with respect to any proceeds received upon any enforcement action over any such assets and also allow for the repayment of the Existing Subordinated Shareholder Loan Notes. See "*—Description of Certain Financing Arrangements—Revolving Credit Facility*." None of the Issuer, Midco2 or Topco will be a party to the Senior Secured Intercreditor Agreement or to the Revolving Credit Facility.

Bracken Midco1 plc

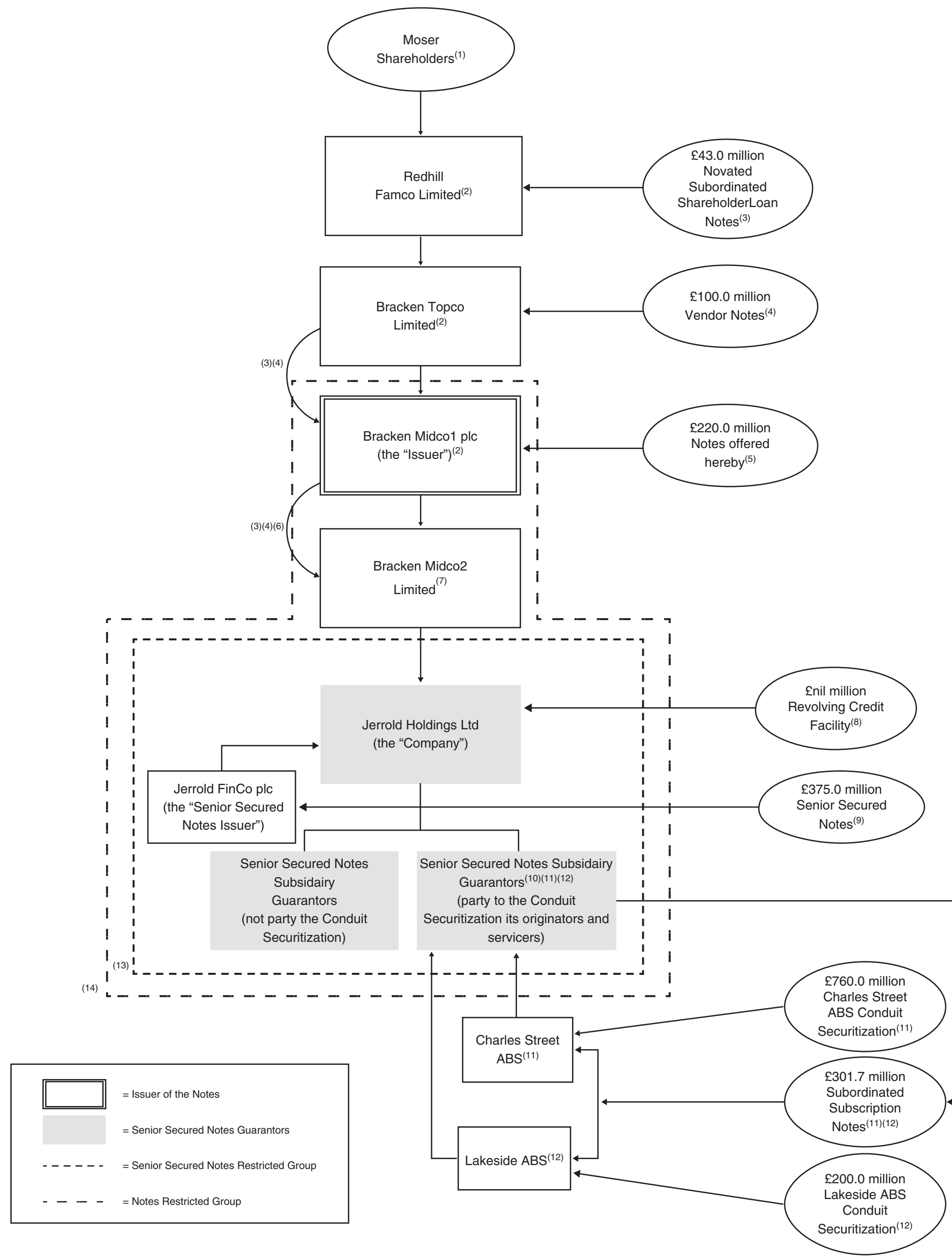
The Issuer, Bracken Midco1 plc, registration number 10219097, was formed on June 7, 2016 as a public limited company under the laws of England and Wales. The Issuer's registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200. The members of the Board of Directors of the Issuer may be reached at the registered address of the Issuer.

Jerrold Holdings

Jerrold Holdings was founded in 1974. The Company was formed on June 15, 1994 as a private limited company incorporated under the laws of England and Wales, with registered number 02939389. Our executive offices are located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom. Our telephone number is +44-161-956-3200.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of the Issuer's corporate and financing structure on a consolidated basis as of June 30, 2016, after giving effect to the Refinancing and the Transactions. The diagram does not include all entities in the Issuer's group, nor does it show all liabilities in the Issuer's group. For a summary of the material financing arrangements identified in the diagram, see "*Description of Certain Financing Arrangements*" and "*Description of Notes*."



(1) Upon the completion of the Transactions, the Moser Shareholders will indirectly hold (through wholly-owned or majority-owned intermediate holding companies) 100.0% of the share capital of the Issuer and 100.0% of the voting shares of the Company. The obligations under the £43.0 million in aggregate principal amount of the Existing Subordinated Shareholder Loan Notes held by Henry Moser will be replaced by the Novated Shareholder Loan Notes. See "*Shareholders*."

(2) Following the Transactions, the Issuer or a direct or indirect parent company of the Issuer may establish a New Management Incentive Plan by issuing shares to certain members of the Company's management. See "*Shareholders*."

(3) The Novated Shareholder Loan Notes will be issued to the Moser Shareholders by the Company and novated to Famco. In exchange for the novation, the Company, Midco2, the Issuer and Topco will enter into intercompany loans, by virtue of which the Company, Midco2, the Issuer and Topco will each incur debt obligations in an aggregate amount of £43.0 million from Midco2, the Issuer, Topco and Famco, respectively. The loan from Topco to the Issuer will be subordinated to the repayment of the Notes pursuant to the Subordination Deed and will constitute deeply subordinated shareholder funding. The receivables in connection with the loan from the Issuer to Midco2 will form part of the Collateral. See "*Description of Certain Financing Arrangements—Subordination Deed*."

(4) On or about the Issue Date, Midco2 will issue £100.0 million aggregate principal amount of Midco2 Roll-Up Notes, which will be held by the Issuer after completion of the Transactions. Concurrently, the Issuer will issue £100.0 million aggregate principal amount of Issuer Roll-Up Notes, which will be held by Topco after completion of the Transactions. The obligations of the Issuer under the Issuer Roll-Up Notes will be subordinated to the Issuer's obligations under the Notes pursuant to the Subordination Deed and the Issuer Roll-Up Notes will constitute deeply subordinated funding. The receivables in connection with the Midco2 Roll-Up Notes will form part of the Collateral. Topco will issue £100.0 million aggregate principal amount of Vendor Notes to the Funds. See "*Description of Certain Financing Arrangements—Subordination Deed*" and "*Summary—The Transactions*."

(5) The Issuer is hereby offering £220.0 million aggregate principal amount of Notes. The Notes will be senior obligations of the Issuer and will rank equal in right of payment with all other existing and future senior indebtedness of the Issuer that is not subordinated in right of payment to the Notes. The Notes will not be guaranteed by any of the Issuer's subsidiaries and will be structurally subordinated to all existing and future indebtedness of such subsidiaries, including any amounts owing under the Revolving Credit Facility and the Senior Secured Notes. The Notes will be secured by (i) a pledge over the issued capital stock in Midco2 and (ii) an assignment of all existing and future intercompany loans in respect of which the Issuer is the lender, including, as of the Issue Date, an intercompany loan made by the Issuer to Midco2 for the net proceeds of the offering of the Notes and certain other intercompany receivables.

(6) The Issuer will on-lend the aggregate principal amount of the Notes to Midco2 (less certain fees and expenses related to the Transactions incurred by the Issuer), which will use the proceeds of such loan (i) to finance, in part, the purchase of equity interests in the Company held by the Funds, (ii) to repurchase 30,000 D Shares held by certain members of the Company's management pursuant to the Management Incentive Plan, (iii) to lend £25.1 million in principal amount to the Company to allow the Company to repay certain shareholder indebtedness, to make certain payments pursuant to the Staff Incentive Plan of the Company and to pay certain expenses of the Company in connection with the Transactions and (iv) to pay certain expenses in connection with the Transactions, including the offering of the Notes. Such intercompany loan will be part of the Collateral. See *"Summary—The Transactions*" and *"Use of Proceeds."*

(7) Midco2 owns 100.0% of the voting shares of the Company. Certain members of the Company's management and the EB Trust own 100,000 D Shares of the Company pursuant to the Management Incentive Plan. In connection with the Transactions, Midco2 will repurchase 30,000 D shares of the Company from certain members of the Company's management. As of June 30, 2016, the remaining 70,000 D Shares represented approximately 3% of the economic value of the share capital of the Company. The economic value of the D Shares is subject to change based on certain parameters tied to the valuation of the Company. See "*Shareholders*."

(8) The total commitments available under the Revolving Credit Facility are £29.0 million. As of June 30, 2016, £29.0 million was drawn and outstanding under the Revolving Credit Facility (£nil million drawn and outstanding after the Refinancing).

(9) On October 13, 2016, the Senior Secured Notes Issuer issued the Senior Secured Notes and satisfied and discharged the Original Senior Secured Notes Indenture. See "*Summary—The Refinancing*."

(10) Most of our operating subsidiaries sell certain of their mortgage loans to Charles Street ABS and Lakeside ABS in connection with each of the Conduit Securitizations and continue to service such mortgage loans after they have been sold. These subsidiaries are, however, not guarantors of any agreement forming part of the Conduit Securitizations. See "*Description of Certain Financing Arrangements—Conduit Securitizations.*"

(11) In connection with the Conduit Securitizations, Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of the CABS Securitization, purchases a portion of our mortgage loans from certain of our operating subsidiaries. As of June 30, 2016, the principal balance of mortgage loans owned by Charles Street ABS totaled £952.2 million. Charles Street ABS finances the purchase of loans from borrowings funded through the issuance of notes under a note issuance facility, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to Subsidiaries of the Company within the Borrower Group. The revolving period of the note issuances facility under Charles Street ABS expires on January 31, 2020, after which the facility begins amortizing until January 31, 2021 when Charles Street ABS must repay any remaining amounts outstanding under the CABS Securitization. As of June 30, 2016, total commitments were £1,000.0 million and total notes outstanding under the note issuance facility were £760.0 million. As of June 30, 2016, £233.4 million in subordinated subscription notes under the note issuance facility were outstanding. Mortgage loans that constitute qualifying assets under the CABS Securitization are selected to be sold to Charles Street ABS based on a random basis. Charles Street ABS has no recourse to the assets of the Subsidiaries of the Company within the Borrower Group. See "*Description of Certain Financing Arrangements—Conduit Securitizations—CABS Securitization*." After June 30, 2016, we drew an additional £30.0 million under the Conduit Securitizations to underwrite new loans and for general corporate purposes.

(12) In connection with the Conduit Securitizations, Lakeside ABS, the bankruptcy-remote special purpose vehicle established for purposes of the LABS Securitization, purchases a portion of our mortgage loans from certain of our operating subsidiaries. As of June 30, 2016, the principal balance of mortgage loans owned by Lakeside ABS totaled £242.1 million. Lakeside ABS finances the purchase of loans from borrowings funded through the issuance of notes under a note issuance facility, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Lakeside ABS to the Subsidiaries of the Company within the Borrower Group. The revolving period of the note issuances facility under Lakeside ABS expires on August 31, 2018, on which date Lakeside ABS must repay any remaining amounts outstanding under the LABS Securization. As of June 30, 2016, total commitments were £255.0 million and total notes outstanding under the note issuance facility were £200.0 million. As of June 30, 2016, £68.3 million in subordinated subscription notes under the note issuance facility were outstanding. Mortgage loans that constitute qualifying assets under the LABS Securitization are selected to be sold to Lakeside ABS based on a random basis. Lakeside ABS does not have recourse to the assets of the Subsidiaries of the Company within Borrower Group. See "*Description of Certain Financing Arrangements—Conduit Securitizations*."

(13) As of June 30, 2016, the Company and its subsidiaries had total borrowings of £1,289 million, £300.0 million of which was secured indebtedness under the Original Senior Secured Notes (repaid with the proceeds of the Refinancing) and an outstanding amount of £29.0 million of secured indebtedness under the Revolving Credit Facility (£nil million drawn and outstanding after the Refinancing). In addition, the Company and its subsidiaries had £60.0 million Existing Subordinated Shareholder Loan Notes outstanding. On October 13, 2013, the Senior Secured Notes Issuer issued an aggregate principal amount of £375.0 million of Senior Secured Notes. See *"Summary—The Refinancing.*"

(14) As of June 30, 2016, and after giving *pro forma* effect to the Refinancing and the Transactions, the Issuer and its subsidiaries would have had total financial debt of £1,555 million, £220.0 million of which is represented by the Notes, excluding the Subordinated Shareholder Funding of £143.0 million.

The Offering

The following summary of the offering contains basic information about the Notes and the security. It is not intended to be complete, and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, see "*Description of Notes.*"

Issuer	Bracken Midco1 plc.
Notes Offered	£220.0 million aggregate principal amount of its % / % Senior PIK Toggle Notes due 2021 (the "**Notes**").
Issue Date	, 2016.
Issue Price	% plus accrued interest, if any, from the Issue Date.
Maturity Date	, 2021.
Interest Rate	Cash Interest will accrue at a rate of % per annum; and PIK Interest will accrue at a rate of % per annum.
Interest Payment Dates	Semi-annually in arrears on each and , commencing , 2017. The first and last interest payments on the Notes will be made in cash. For each other interest payment, the Issuer will be required to pay interest on the Notes entirely in cash ("**Cash Interest**"), unless the conditions described in this offering memorandum are satisfied, in which case the Issuer will be entitled to pay, to the extent described herein, interest for such interest period through the issuance of Additional Notes (as defined herein) either by increasing the principal amount of the Notes (or by issuing a new global note of an increased principal amount) or by issuing Notes in a principal amount equal to such interest (in each case, "**PIK Interest**"). See "*Description of the Notes—Interest.*"
Denominations	The Notes will have minimum denominations of £100,000 and integral multiples of £1 in excess thereof. Notes in denominations of less than £100,000 will not be available.
Ranking of the Notes	The Notes will: • be the general senior obligations of the Issuer; • be secured as set forth under "*Description of the Notes—Security*"; • rank equally in right of payment with any existing and future obligations of the Issuer that are not subordinated in right of payment to the Notes; • rank senior in right of payment to any existing and future obligations of the Issuer that are subordinated in right of payment to the Notes, including the Subordinated Shareholder Funding; • be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not secure the Notes to the extent of the value of the property and assets securing such obligations; and • be structurally subordinated to all existing and future obligations of the subsidiaries of the Issuer, including the Senior Secured Notes and borrowings under the Revolving Credit Facility.

Security	The Notes will be secured by (i) a pledge over the issued capital stock in Midco2 and (ii) an assignment of all existing and future intercompany loans in respect of which the Issuer is the lender, including, as of the Issue Date, an intercompany loan made by the Issuer to Midco2 for the net proceeds of the offering of the Notes and certain other intercompany receivables. See "*Description of the Notes—Security*." The security granted by the Issuer will be limited as described under "*Risk Factors—Risks Relating to the Notes—English insolvency laws may not be as favorable to you as U.S. and other insolvency laws. Insolvency laws and limitations on the security interests of the Notes, may adversely affect the validity and enforceability of the security interests and may limit the amount that can be recovered under the security interests granted by the Issuer*."
Use of Proceeds	The Issuer intends to use the proceeds from the offering of the Notes (i) to finance, in part, the purchase of equity interests in the Company held by the Funds, (ii) to repurchase 30,000 D Shares held by certain members of the Company's management pursuant to the Management Incentive Plan, (iii) to lend £25.1 million in principal amount to the Company to allow the Company to repay certain shareholder indebtedness, to make certain payments pursuant to the Staff Incentive Plan of the Company and to pay certain expenses of the Company in connection with the Transactions and (iv) to pay certain expenses in connection with the Transactions, including the offering of the Notes.
Optional Redemption	At any time prior to , 2018, the Issuer, at its option, may redeem all or part of the Notes at 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, plus the applicable make-whole premium as described under "*Description of Notes—Optional Redemption*." The Issuer, at its option, may redeem all or part of the Notes on or after , 2018, at the redemption prices described under "*Description of Notes—Optional Redemption*." Prior to , 2018, the Issuer, at its option, may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 40% of the principal amount of each of the Notes at a redemption price equal to % of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, provided that at least 60% of the original principal amount of the Notes remains outstanding after the redemption and each such redemption occurs within 90 days of the date of the relevant equity offering.
Additional Amounts; Tax Redemption	All payments under or with respect to the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction for or on account of tax imposed or levied by or on behalf of a Tax Jurisdiction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount each holder of the Notes received is no less than that which would have been received in the absence of such withholding or deduction. See "*Description of Notes—Additional Amounts*."

The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, the Issuer is required to pay additional amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay each holder of the Notes a price equal to the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of Notes—Redemption for Changes in Taxes*."

Change of Control .... Upon the occurrence of certain events constituting a change of control, the Issuer will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See "*Description of Notes—Repurchase at the Option of Holders—Change of Control*."

Certain Covenants .... The Indenture limits, among other things, the ability of the Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, or redeem or repurchase, capital stock and make certain other restricted payments;
- make certain investments;
- create or permit to exist certain liens;
- agree to restrictions on dividends by restricted subsidiaries;
- transfer, lease or sell certain assets including subsidiary stock;
- enter into certain transactions with affiliates;
- merge or consolidate with other entities;
- engage in certain activities (with respect to the Issuer and Midco2); and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of significant exceptions and qualifications. See "*Description of Notes—Certain Covenants*" and the related definitions.

Certain of the covenants will be suspended if and for as long as the Notes achieve investment-grade ratings. See "*Description of the Notes—Certain covenants— Suspension of covenants on achievement of investment grade status*."

Notice to Investors .... The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act and any other applicable law. See "*Notice to Investors*" and "*Plan of Distribution*." The Issuer has not agreed, or otherwise undertaken, to register the Notes (including by way of an exchange offer).

Listing .... Application will be made in respect of the Notes for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market.

Original Issue Discount	Because interest on the Notes is payable at the option of the Issuer as PIK Interest if certain conditions are met, no stated interest on the Notes will be treated as qualified stated interest for U.S. federal income tax purposes. As a result, the Notes will be considered to be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. There will be additional OID to the extent that the issue price of the Notes is less than their stated principal amount. Holders subject to U.S. federal income taxation generally will be required to include this OID in gross income (as ordinary income) as it accrues on a constant yield basis, in advance of the receipt of cash payments to which such income is attributable and regardless of a holder's method of accounting for U.S. federal income tax purposes. For further discussion, see "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*."
Trustee	Deutsche Trustee Company Limited.
Security Agent	Deutsche Bank AG, London Branch
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Irish Stock Exchange Listing Agent . .	Dillon Eustace Solicitors.
Governing Law	The Indenture is governed by the laws of the State of New York. The security documents will be governed by English law.

Risk Factors

Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Summary Historical Financial Information and Other Data

The summary financial data presented below (i) as of and for the years ended June 30, 2015 and 2016 have been derived from the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2015 and 2016, which were prepared in accordance with IFRS and are included elsewhere in this offering memorandum, and (ii) as of and for the years ended June 30, 2014 and 2015 have been derived from the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2014 and 2015, which in each case were prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

This offering memorandum includes audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 in accordance with IFRS. The audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 include audited comparative financial information as of and for the year ended June 30, 2015. From July 1, 2015, we have prepared our audited consolidated financial statements in accordance with IFRS. Accordingly, our consolidated financial statements as of and for the years ended June 30, 2015 and 2016, in accordance with IFRS, may not be comparable to our audited financial statements for 2015 and prior years, in accordance with UK GAAP. Our consolidated financial statements as of and for the year ended June 30, 2016 contains an analysis of the main adjustments and reclassifications made by us in order to restate in accordance with IFRS our financial information previously reported, pursuant to UK GAAP, as of and for the year ended June 30, 2015. For an analysis of the main adjustments and reclassifications, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability*" and Note 32 to the audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016.

We have included in this offering memorandum unaudited pro forma consolidated financial information of Jerrold Holdings and the Issuer to give pro forma effect to the Refinancing and Transactions as they would be reflected in the consolidated financial information of each of Jerrold Holdings and the Issuer. The unaudited pro forma consolidated financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that either Jerrold Holdings or the Issuer would have reported pursuant to IFRS had both the Refinancing and the Transactions been completed as of (i) July 1, 2015 for purposes of the calculation of interest payable and other metrics drawn from our statement of comprehensive income data and cash flow statement data and (ii) June 30, 2016 for purposes of the calculation of net borrowings and other metrics drawn from our financial position data and should not be taken as indicative of Jerrold Holdings' or the Issuer's future consolidated results of operations or financial position. For purposes of metrics related to calculation of the pro forma interest payable drawn from our statement of comprehensive income data, we gave effect to (a) interest that would have been payable on the Senior Secured Notes and Notes as if they had both been issued on July 1, 2015 and (b) the exclusion of the interest that would no longer have been payable on the Original Senior Secured Notes, the Existing Subordinated Shareholder Loan Notes and the drawn and outstanding amounts of the Revolving Credit Facility as if the Refinancing and the Transactions had taken place on July 1, 2015. For purposes of metrics related to our pro forma borrowings and other metrics drawn from our financial position data, we gave effect to the Refinancing and the Transactions as if they had taken place on June 30, 2016. The unaudited pro forma consolidated financial information should not be taken as indicative of Jerrold Holdings' or the Issuer's future consolidated results of operations or financial position pursuant to IFRS. The historical results of Jerrold Holdings may not be indicative of Jerrold Holdings' or the Issuer's future results following completion of the Refinancing and the Transactions. The unaudited pro forma consolidated financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma consolidated financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma consolidated financial information for Jerrold Holdings and the Issuer should be read in conjunction with the information contained in "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the historical financial statements of Jerrold Holdings included elsewhere in this offering memorandum.

The financial data below also includes certain non GAAP/non IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures pursuant to UK GAAP or IFRS and therefore should not be considered as alternative measures to evaluate our performance. See "*Presentation of Financial and Other Information—Other Financial Information (Non-IFRS and Non-UK GAAP).*"

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. The following table should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements and the notes thereto for Jerrold Holdings as of and for the years ended June 30, 2016 and 2015, pursuant to IFRS, included in this offering memorandum. The table should also be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." For an explanation of certain terms used in the table below, please see "*Presentation of Financial and Other Information—Other Financial Information (Non IFRS and Non UK GAAP—IFRS)*" and "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis.*"

	As of and for the year ended June 30,	
	2015	**2016**
	(IFRS) (£ in thousands, except percentages and ratios)	
Statement of comprehensive income:		
***Continuing operations*:**		
Interest receivable and similar income	164,401	210,837
Interest payable and similar charges	(52,289)	(67,547)
Net interest income	112,112	143,290
Fees and commission income	4,048	4,219
Fees and commission expense	(1,378)	(1,680)
Other income	552	138
Other gains/(losses)	(504)	—
Operating Income	114,830	145,967
Administrative expenses	(31,732)	(40,493)
Depreciation and amortization	(957)	(1,379)
Operating profit	82,141	104,095
Impairment losses	(7,499)	(13,766)
Profit before negative goodwill	74,642	90,329
Negative goodwill	122	—
Profit before taxation	74,764	90,329
Income tax	(16,017)	(18,561)
Profit on ordinary activities after taxation	58,747	71,768
Statement of financial position:		
***Non-current assets*:**		
Property, plant and equipment	4,205	4,529
Intangible assets	1,025	3,229
Investment property	45	45
Investments	123	123
Deferred tax asset	3,515	6,109
Total non-current assets	8,913	14,035
***Current assets*:**		
Inventories	840	840
Loans and advances to customers	1,423,523	1,800,673
Trade and other receivables	2,357	2,312
Cash at bank and in hand	2,772	546
Total current assets	1,429,492	1,804,371
Total assets	1,438,405	1,818,406
***Current liabilities*:**		
Trade and other payables	(30,987)	(31,806)
Current tax liabilities	(7,866)	(12,277)
Borrowings	(158)	(195)
	(39,011)	(44,278)
Net current assets	1,390,481	1,760,093

	As of and for the year ended June 30, 2015	2016
	(IFRS) (£ in thousands, except percentages and ratios)	
***Non-current liabilities*:**		
Borrowings	(957,405)	(1,259,201)
Total liabilities	(996,416)	(1,303,479)
Net assets	441,989	514,927
Equity attributable to owners of Jerrold Holdings	441,989	514,927
Non-controlling Interests	—	—
Total Equity	441,989	514,927
Cash flow statement:		
Net cash outflow from operating activities	(300,449)	(302,572)
Net cash outflow from investing activities	(1,775)	(3,921)
Net cash inflow from financing activities	298,147	304,267

	As of and for the year ended June 30, 2015	2016
	(£ in thousands, except percentages and ratios)	
Statistical and other financial data of Jerrold Holdings:		
Total loan assets[(1)]	1,423,523	1,800,673
Total borrowings[(2)]	995,000	1,349,000
Yield spread[(3)]	7.1%	7.3%
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.2%	57.5%
LTV of loan portfolio (on a weighted average indexed basis)	54.7%[(4)]	52.6%
EBITDA[(5)]	127,888	159,256
EBITDA margin[(5)]	75.7%	74.0%
EBITDA to interest payable and similar charges[(5)]	2.4x	2.4x
Senior secured borrowings[(6)]	935,000	1,289,000
Net senior secured borrowings[(7)]	902,651	1,212,494
Ratio of net senior secured borrowings to total loan assets[(1)(7)]	63.4%	67.3%
Ratio of net senior secured borrowings to value of total underlying security[(8)]	34.7%	35.4%
Tangible equity[(9)]	500,964	571,698
Tangible assets[(10)]	1,437,380	1,815,177
Ratio of tangible equity to tangible assets[(11)]	34.9%	31.5%
Statistical and other financial data of the Borrower Group:		
Total loan assets[(12)]	617,659	606,384
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	60.8%	60.9%
LTV of loan portfolio (on a weighted average indexed basis)[(13)]	63.4%[(13)]	58.4%
Adjusted EBITDA[(5)]	108,409	129,136
Adjusted EBITDA margin[(5)]	72.5%	69.8%
Senior secured borrowings[(14)]	300,000	329,000
Net senior secured borrowings[(15)]	297,228	328,454
Ratio of net senior secured borrowings to total loan assets[(12)(15)]	48.1%	54.2%
Ratio of net senior secured borrowings to value of total underlying security[(16)]	30.5%	31.6%
Pro forma financial data of Jerrold Holdings:[(17)]		
Pro forma cash interest payable[(18)]		54,013
Pro forma senior secured borrowings[(19)]		1,335,000
Pro forma net senior secured borrowings[(20)]		1,234,175
Ratio of EBITDA to pro forma cash interest payable[(5)(18)]		2.9x
Ratio of pro forma net senior secured borrowings to total loan assets[(1)(21)]		68.5%
Ratio of pro forma net senior secured borrowings to value of total underlying security[(22)]		36.1%

	As of and for the year ended June 30,	
	2015	2016
	(£ in thousands, except percentages and ratios)	
Pro forma financial data of the Borrower Group:[17]		
Pro forma cash interest payable[23]		23,893
Pro forma senior secured borrowings[24]		375,000
Pro forma net senior secured borrowings[25]		350,135
Ratio of Adjusted EBITDA to pro forma cash interest payable[5][23]		5.4x
Ratio of pro forma net senior secured borrowings to Borrower Group total loan assets[12][25]		57.7%
Ratio of pro forma net senior secured borrowings to value of total underlying security[26]		33.7%
Pro forma financial data of the Issuer:[17]		
Pro forma cash interest payable (excluding interest payable relating to the Conduit Securitizations)[27]		
Pro forma senior borrowings[28]		1,555,000
Pro forma net senior borrowings[29]		1,454,115
Ratio of Adjusted EBITDA to pro forma cash interest payable (excluding interest payable relating to the Conduit Securitizations)[5][27]		
Ratio of pro forma net senior borrowings to total loan assets[1][30]		80.8%
Ratio of pro forma net senior borrowings to value of total underlying security[31]		42.5%
Pro forma tangible equity[32]		358,108
Pro forma tangible assets[33]		1,815,177
Ratio of pro forma tangible equity to tangible assets[34]		19.7%

(1) "Total loan assets" represent the value of the total loan assets (after allowances for impairment) on the last day of the period which is described as loans and advances to customers in the financial statements of Jerrold Holdings.

(2) "Total borrowings" represent total indebtedness, which is calculated as amounts outstanding under the Original Senior Secured Notes, the Revolving Credit Facility, the Existing Subordinated Shareholder Loan Notes and variable funding notes issued under each Conduit Securitization. Total borrowings differ from the amounts reflected in Jerrold Holding's consolidated statement of financial position as those balances are presented net of unamortized debt issuance costs and cash within each Conduit Securitization and include the issue premium in relation to the Original Senior Secured Notes (specifically, the additional notes issued under the Original Senior Secured Indenture) and capital lease obligations. See note 23 of our audited consolidated financial statements as of and for the year ended June 30, 2016. After June 30, 2016, we drew an additional £30.0 million under the Conduit Securitizations.

(3) "Yield spread" represents the difference between (i) interest receivable and similar income divided by average opening and closing total loan assets balance of the first and last day of each period and (ii) interest payable and similar charges divided by average opening and closing total borrowings.

(4) In the case of Jerrold Holdings, this is presented pursuant to UK GAAP.

(5) EBITDA is profit on ordinary activities after taxation and adding back interest payable and similar charges, income tax, depreciation, amortization and negative goodwill. Accordingly, EBITDA can be extracted from the audited consolidated financial statements of Jerrold Holdings by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, tax on profit on ordinary activities, depreciation, amortization and negative goodwill. Charles Street ABS and Lakeside ABS, the bankruptcy remote special purpose vehicles established for purposes of the Conduit Securitizations, are consolidated into our audited consolidated financial statements in accordance with IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS).*" Adjusted EBITDA is a measure which does not add back the interest costs associated with Charles Street ABS or Lakeside ABS and is calculated as EBITDA after the deduction of conduit interest attributable to each Conduit Securitization.

EBITDA-based measures are not measurements of financial performance pursuant to IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Our management believes that the presentation of EBITDA and Adjusted EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA and Adjusted EBITDA in this offering memorandum may be different than the calculation of EBITDA and Adjusted EBITDA under the Indenture.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to profit on ordinary activities after taxation:

	Year ended June 30,	
	2015	2016
	(IFRS)	(IFRS)
	(£ in thousands)	
Profit on ordinary activities after taxation	58,747	71,768
Add back:		
Interest payable and similar charges	52,289	67,547
Income tax	16,017	18,561
Depreciation and amortization	957	1,380
Negative goodwill	(122)	—
EBITDA	127,888	159,256
Conduit interest[(a)]	(19,479)	(30,120)
Adjusted EBITDA	108,409	129,136

(a) Conduit interest represents interest paid on the variable funding notes issued under each Conduit Securitization. Interest on the variable funding notes is paid monthly. For further information on the variable funding note issuance facilities, see "*Description of Certain Financing Arrangements—CABS Securitization—Amended and Restated Note Issuance Facility Agreement*" and "*Description of Certain Financing Arrangements—The LABS Securitizations—Amended and Restated Note Issuance Facility Agreement*."

EBITDA margin is EBITDA divided by interest receivable and similar income plus fees and commission income plus other income. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by interest receivable and similar income plus fees and commission income plus other income less interest costs attributable to each Conduit Securitization.

(6) "Senior secured borrowings" represent total borrowings of Jerrold Holdings less the Existing Subordinated Shareholder Loan Notes. After June 30, 2016, we drew an additional £30.0 million under the Conduit Securitizations.

(7) "Net senior secured borrowings" represent senior secured borrowings less cash at hand and in bank and less cash held by Charles Street ABS and Lakeside ABS.

(8) "Ratio of net senior secured borrowings to value of total underlying security" is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets.

(9) "Tangible equity" represents shareholders' funds, which we define as including total shareholder equity and the Existing Subordinated Shareholder Loan Notes, minus intangible assets and goodwill.

(10) "Tangible assets" represent total assets minus intangible assets and goodwill.

(11) "Ratio of tangible equity to tangible assets" represents tangible equity divided by tangible assets.

(12) In the case of the Borrower Group, "total loan assets" represent total loan assets excluding the principal balance of loans attributable to Charles Street ABS and Lakeside ABS.

(13) In the case of the case of the Borrower Group, this is presented pursuant to UK GAAP.

(14) In the case of the Borrower Group, "senior secured borrowings" represent total borrowings excluding the Conduit Securitizations and the Existing Subordinated Shareholder Loan Notes.

(15) In the case of the Borrower Group, "net senior secured borrowings" represent senior secured borrowings less cash at hand and in bank.

(16) In the case of the Borrower Group, "ratio of net senior secured borrowings to value of total underlying security" is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to the Borrower Group's total loan assets.

(17) Pro forma borrowings and cash interest have been calculated excluding the capitalization and amortization of estimated debt issuance costs of £4.3 million associated with the Refinancing and £6.4 million associated with the Transactions, including commitment, placement, financing advisory, professional and initial purchasers' fees and other transaction costs.

(18) "Pro forma cash interest payable" of Jerrold Holdings represents interest payable and similar charges as adjusted to give effect to the Refinancing and the Transactions and the use of the proceeds therefrom as described under "*Use of Proceeds*," as though each had taken place on July 1, 2015, and includes pro forma interest based on the balances for the Senior Secured Notes and the Revolving Credit Facility and includes pro forma interest on notes issued by Charles Street ABS and Lakeside ABS. Pro forma cash interest payable does not include the amortization of debt issuance costs.

(19) "Pro forma senior secured borrowings" of Jerrold Holdings represent senior secured borrowings adjusted to give effect to the Refinancing and does not include subordinated shareholder indebtedness.

(20) "Pro forma net senior secured borrowings" of Jerrold Holdings represent net senior secured borrowings as adjusted to give effect to the Refinancing.

(21) "Ratio of pro forma net senior secured borrowings to total loan assets" of Jerrold Holdings has been calculated using the total loan assets as of June 30, 2016 (£1,800.7 million).

(22) "Ratio of pro forma net senior secured borrowings to value of total underlying security" of Jerrold Holdings is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of pro forma net senior secured borrowings to total loan assets.

(23) In the case of the Borrower Group, "pro forma cash interest payable" represents interest payable and similar charges less interest payable in relation to the Conduit Securitizations as adjusted to give effect to the Refinancing and the Transactions as though each had taken place on July 1, 2015, and includes pro forma interest based on the balances for the Senior Secured Notes and the Revolving Credit Facility. Pro forma cash interest payable does not include the amortization of debt issuance costs.

(24) In the case of the Borrower Group, "pro forma senior secured borrowings" represent pro forma senior secured borrowings of Jerrold Holdings without giving effect to the Conduit Securitizations.

(25) In the case of the Borrower Group, "pro forma net senior secured borrowings" represent pro forma net senior secured borrowings of Jerrold Holdings without giving effect to the Charles Street ABS and Lakeside ABS borrowings and the cash in the Conduit Securitizations.

(26) In the case of the Borrower Group, "ratio of pro forma net senior secured borrowings to value of total underlying security" is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of pro forma net senior secured borrowings to the Borrower Group's total loan assets.

(27) In the case of the Issuer, "pro forma cash interest payable" represents interest payable and similar charges less interest payable in relation to the Conduit Securitizations as adjusted to give effect to the Refinancing and the Transactions as though each had taken place on July 1, 2015, and includes pro forma interest based on the balances for the Senior Secured Notes, the Revolving Credit Facility and the Notes (assuming interest accruing at the rate applicable to cash paid interest). Pro forma cash interest payable does not include the amortization of debt issuance costs.

(28) In the case of the Issuer, "pro forma senior borrowings" represent the Senior Secured Notes, drawings under the Conduit Securitizations and the Notes issued hereby and does not include the Subordinated Shareholder Funding. See "*Description of Certain Financing Arrangement—Subordinated Shareholder Funding*."

(29) In the case of the Issuer, "pro forma net senior borrowings" represent pro forma senior borrowings less cash at hand and in bank and less cash held by Charles Street ABS and Lakeside ABS.

(30) In the case of the Issuer, "ratio of pro forma net senior borrowings to total loan assets" represents pro forma net senior borrowings to total loan assets of Jerrold Holdings (calculated using the total assets of Jerrold Holdings as of June 30, 2016).

(31) In the case of the Issuer, "ratio of pro forma net senior borrowings to value of total underlying security" is calculated as the LTV of Jerrold Holding's loan portfolio on a weighted average indexed basis multiplied by the ratio of pro forma net senior borrowings of the Issuer to Jerrold Holding's total loan assets.

(32) In the case of the Issuer, "pro forma tangible equity" represents shareholders' funds, which include total shareholder equity and the Subordinated Shareholder Funding minus intangible assets and goodwill of Jerrold Holdings adjusted to give effect to the Transactions.

(33) In the case of the Issuer, "pro forma tangible assets" represent total assets minus intangible assets and goodwill of Jerrold Holdings.

(34) In the case of the Issuer, "ratio of pro forma tangible equity to tangible assets" represents pro forma tangible equity divided by pro forma tangible assets.

The following table should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements and the notes thereto for Jerrold Holdings as of and for the years ended June 30, 2014 and 2015, pursuant to UK GAAP, included in this offering memorandum. The table should also be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." For an explanation of certain terms used in the table below, please see "*Presentation of Financial and Other Information—Other Financial Information (Non IFRS and Non UK GAAP—UK GAAP)*" and "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis*."

	As of and for the year ended June 30,	
	2014	**2015**
	(UK GAAP)	**(UK GAAP)**
	(£ in thousands, except percentages and ratios)	
Profit and loss account data:		
Turnover	129,734	165,501
Cost of sales	(5,779)	(11,519)
Gross profit	123,955	153,982
Administrative expenses	(26,800)	(31,837)
Other operating income	—	122
Operating profit	97,155	122,267
Gain(/loss) on sale of investment properties	(24)	37
Interest payable and similar charges	(45,216)	(52,216)
Interest receivable and similar income	115	53
Profit on ordinary activities before taxation	52,030	70,141
Tax on profit on ordinary activities	(11,379)	(15,078)
Profit on ordinary activities after taxation	40,651	55,063
Minority interests	(7)	—
Retained profit for the financial year	40,644	55,063
Balance sheet data:		
Fixed assets	4,575	5,287
Debtors: due within one year	364,900	581,335
Debtors: due after one year	713,751	862,782
Cash at bank and in hand	6,849	2,772
Creditors: amounts falling due within one year	(30,514)	(39,012)
Creditors: amounts falling due after more than one year	(659,241)	(957,489)
Shareholders' funds	401,559	456,624
Cash flow data:		
Net cash (outflow) / inflow from operating activities	(3,663)	(238,574)
Returns on investments and servicing of finance	(45,583)	(49,307)
Taxation	(10,213)	(12,530)
Capital expenditure and financial investment	(556)	(1,505)
Financing and the management of liquid resources	54,272	297,839
Increase/(decrease) in cash in the year	(5,743)	(4,077)
Statistical data and other financial data:		
Total loan assets[(1)]	1,076,219	1,441,637
Total borrowings[(2)]	705,000	995,000
Yield spread[(3)]	4.5%	5.1%
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.5%	57.2%
LTV of loan portfolio (on a weighted average indexed basis)	59.2%	54.7%
EBITDA[(4)]	97,603	123,261
EBITDA margin[(4)]	75.2%	74.5%
EBITDA to interest payable and similar charges	2.16x	2.36x
Senior secured borrowings[(5)]	645,000	935,000
Net senior secured borrowings[(6)]	608,420	902,651
Ratio of net senior secured borrowings to total loan assets[(1)(6)]	56.5%	62.6%
Ratio of net senior secured borrowings to value of total underlying security[(6)(7)]	33.5%	34.3%

	As of and for the year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
Tangible equity[8]	461,559	516,624
Tangible assets[9]	1.090,075	1,452,176
Ratio of tangible equity to tangible assets[10]	42.3%	35.6%
Statistical and other financial data of the Borrower Group:		
Total loan assets[11]	549,212	635,773
Total borrowings[12]	295,000	360,000
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	61.5%	60.8%
LTV of loan portfolio (on a weighted average indexed basis)	68.5%	63.4%
Adjusted EBITDA[4]	80,655	103,782
Adjusted EBITDA margin[4]	71.5%	71.1%
Senior secured borrowings[13]	235,000	300,000
Net senior secured borrowings[14]	228,151	297,228
Ratio of senior secured borrowings to total loan assets[1][13]	42.8%	47.2%
Ratio of net senior secured borrowings to total loan assets[1][14]	41.5%	46.8%
Ratio of net senior secured borrowings to value of total underlying security[5][15]	28.4%	29.6%

(1) "Total loan assets" represent the value of the total loan assets (after suspended income and after provisions for bad and doubtful debts) on the last day of the period and is described as trade debtors in the financial statements of Jerrold Holdings.

(2) "Total borrowings" represent our total indebtedness, which is calculated as amounts outstanding under the Original Senior Secured Notes, the Revolving Credit Facility, the Existing Subordinated Shareholder Loan Notes and variable funding notes issued under Charles Street ABS. Total borrowings differ from the amounts reflected in our consolidated balance sheet as those balances are presented net of unamortized debt issuance costs and cash within Charles Street ABS and include the issue premium in relation to the Original Senior Secured Notes (specifically, the additional notes issued under the Original Senior Secured Notes Indenture) and capital lease obligations. See notes 13 and 14 of the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2015 and 2014.

(3) "Yield spread" represents the difference between (i) loan income divided by average opening and closing total loan assets balance and (ii) interest costs divided by average opening and closing total borrowings.

(4) EBITDA is profit on ordinary activities after taxation and adding back interest payable and similar charges, interest receivable and similar income tax on profit on ordinary activities, depreciation and negative goodwill. Accordingly, EBITDA can be extracted from our consolidated financial statements by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, interest receivable and similar income tax on profit on ordinary activities, depreciation and negative goodwill. Charles Street ABS, the bankruptcy remote special purpose vehicle established for purposes of the Conduit Securitizations, is consolidated into our audited consolidated financial statements in accordance with UK GAAP. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS).*" Adjusted EBITDA is a measure which does not add back the interest costs associated with Charles Street ABS and is calculated as EBITDA after the deduction of conduit interest attributable to the Conduit Securitizations.

EBITDA-based measures are not measurements of financial performance pursuant to UK GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with UK GAAP. Our management believes that the presentation of EBITDA and Adjusted EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA and Adjusted EBITDA in this offering memorandum may be different than the calculation of EBITDA and Adjusted EBITDA under the Indenture.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to profit on ordinary activities after taxation:

	Year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands)	
Profit on ordinary activities after taxation	40,651	55,064
Add back:		
Interest payable and similar charges	45,216	52,216
Interest receivable and similar income	(115)	(53)
Tax on profit on ordinary activities	11,379	15,078
Depreciation	472	957
EBITDA	97,603	123,262
Conduit interest[a]	(16,948)	(19,480)
Adjusted EBITDA	80,655	103,782

(a) Conduit interest represents interest paid on the variable funding notes issued under each Conduit Securitization. Interest on the variable funding notes is paid monthly. For further information on the variable funding note issuance facilities, see "*Description of Certain Financing Arrangements—The CABS Securitization—Amended and Restated Note Issuance Facility Agreement*."

EBITDA margin is calculated as EBITDA divided by turnover. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by turnover less interest costs attributable to the CABS Securitization.

(5) "Senior secured borrowings" represent total borrowings of Jerrold Holdings less the Existing Subordinated Shareholder Loan Notes.

(6) "Net senior secured borrowings" represent senior secured borrowings less cash at hand and in bank and less cash held by Charles Street ABS.

(7) "Ratio of net senior secured borrowings to value of total underlying security" is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets.

(8) "Tangible equity" represents shareholders' funds, which we define as including total shareholder equity and the Existing Subordinated Shareholder Loan Notes.

(9) "Tangible assets" represent the sum of fixed assets, debtors and cash at bank and in hand as included in the consolidated balance sheet.

(10) "Ratio of tangible equity to tangible assets" represents tangible equity divided by tangible assets.

(11) In the case of the Borrower Group, "total loan assets" represent total loan assets excluding the principal balance of loans attributable to Charles Street ABS.

(12) In the case of the Borrower Group, "total borrowings" represent our total indebtedness, which is calculated as amounts outstanding under the Original Senior Secured Notes, the Revolving Credit Facility and the Existing Subordinated Shareholder Loan Notes. Total borrowings differ from the amounts reflected in our consolidated balance sheet as those balances are presented net of unamortized debt issuance costs and include the issue premium in relation to the Original Senior Secured Notes (specifically, the additional notes issued under the Original Senior Secured Notes Indenture) and capital lease obligations. See notes 13 and 14 of our audited consolidated financial statements as of and for the years ended June 30, 2015 and 2014.

(13) In the case of the Borrower Group, "senior secured borrowings" represent total borrowings less the Existing Subordinated Shareholder Loan Notes, without giving effect to Charles Street ABS borrowings and cash in Charles Street ABS.

(14) In the case of the Borrower Group, "net senior secured borrowings" represent senior secured borrowings less cash at hand and in bank, without giving effect to Charles Street ABS borrowings and cash in Charles Street ABS.

(15) In the case of the Borrower Group, "ratio of net senior secured borrowings to value of total underlying security" is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to the Borrower Group's total loan assets.

The following table should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements and the notes thereto for Jerrold Holdings as of and for the years ended June 30, 2014 and 2015, pursuant to UK GAAP, included in this offering memorandum. The table should also be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." For an explanation of certain terms used in the table below, please see "*Presentation of Financial and Other Information—Other Financial Information (Non IFRS and Non UK GAAP—UK GAAP)*" and "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis*."

	As of and for the year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
Profit and loss account data:		
Turnover	129,734	165,501
Cost of sales	(5,779)	(11,519)
Gross profit	123,955	153,982
Administrative expenses	(26,800)	(31,837)
Other operating income	—	122
Operating profit	97,155	122,267
Gain(/loss) on sale of investment properties	(24)	37
Interest payable and similar charges	(45,216)	(52,216)
Interest receivable and similar income	115	53
Profit on ordinary activities before taxation	52,030	70,141
Tax on profit on ordinary activities	(11,379)	(15,078)
Profit on ordinary activities after taxation	40,651	55,063
Minority interests	(7)	—
Retained profit for the financial year	40,644	55,063

	As of and for the year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
Balance sheet data:		
Fixed assets	4,575	5,287
Debtors: due within one year	364,900	581,335
Debtors: due after one year	713,751	862,782
Cash at bank and in hand	6,849	2,772
Creditors: amounts falling due within one year	(30,514)	(39,012)
Creditors: amounts falling due after more than one year	(659,241)	(957,489)
Shareholders' funds	401,559	456,624
Cash flow data:		
Net cash (outflow) / inflow from operating activities	(3,663)	(238,574)
Returns on investments and servicing of finance	(45,583)	(49,307)
Taxation	(10,213)	(12,530)
Capital expenditure and financial investment	(556)	(1,505)
Financing and the management of liquid resources	54,272	297,839
Increase/(decrease) in cash in the year	(5,743)	(4,077)

	As of and for the year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
	As of and for the year ended June 30,	
	2014	2015
	(£ in thousands, except percentages and ratios)	
Statistical data and other financial data:		
Total loan assets[1]	1,076,219	1,441,637
Total borrowings[2]	705,000	995,000
Yield spread[3]	4.5%	5.1%
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.5%	57.2%
LTV of loan portfolio (on a weighted average indexed basis)	59.2%	54.7%
EBITDA[4]	97,603	123,261
EBITDA margin[4]	75.2%	74.5%
EBITDA to interest payable and similar charges	2.16x	2.36x
Senior secured borrowings[2]	645,000	935,000
Net senior secured borrowings[2]	608,420	902,651
Ratio of net senior secured borrowings to total loan assets[1,2]	56.5%	62.6%
Ratio of net senior secured borrowings to value of total underlying security[2,5]	33.5%	34.3%
Tangible equity[7]	461,559	516,624
Tangible assets[7]	1.090,075	1,452,176
Ratio of tangible equity to tangible assets[7]	42.3%	35.6%

	As of and for the year ended June 30,	
	2014	2015
	(£ in thousands, except percentages and ratios)	
Statistical and other financial data of the Borrower Group:		
Total loan assets[6]	549,212	635,773
Total borrowings[2]	295,000	360,000
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	61.5%	60.8%
LTV of loan portfolio (on a weighted average indexed basis)	68.5%	63.4%
Adjusted EBITDA[4]	80,655	103,782
Adjusted EBITDA margin[4]	71.5%	71.1%
Senior secured borrowings[2]	235,000	300,000
Net senior secured borrowings[2]	228,151	297,228
Ratio of senior secured borrowings to total loan assets[1,2]	42.8%	47.2%
Ratio of net senior secured borrowings to total loan assets[1,2]	41.5%	46.8%
Ratio of net senior secured borrowings to value of total underlying security[2,5]	28.4%	29.6%

(1) "Total loan assets" represent the value of the total loan assets (after suspended income and after provisions for bad and doubtful debts) on the last day of the period and is described as trade debtors in the financial statements of Jerrold Holdings.

(2) "Total borrowings" represent our total indebtedness, which is calculated as amounts outstanding under the Senior Secured Notes, the Revolving Credit Facility, the Subordinated Shareholder Loan Notes and variable funding notes issued under Charles Street ABS. Total borrowings differ from the amounts reflected in our consolidated balance sheet as those balances are presented net of unamortized debt issuance costs and cash within Charles Street ABS and include the issue premium in relation to the Original Senior Secured Notes (specifically, the additional notes issued under the Original Senior Secured Notes Indenture) and capital lease obligations. See notes 13 and 14 of the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2015 and 2014. "Senior secured borrowings" represent total borrowings less the Subordinated Shareholder Loan Notes. "Net senior secured borrowings" represent senior secured borrowings less cash at hand and in bank and less cash held by Charles Street ABS. In the case of the Borrower Group, total borrowings, senior secured borrowings and net senior secured borrowings represent those data as described above, without giving effect to Charles Street ABS borrowings and cash in Charles Street ABS.

(3) "Yield spread" represents the difference between (i) loan income divided by average opening and closing total loan assets balance and (ii) interest costs divided by average opening and closing total borrowings.

(4) EBITDA is profit on ordinary activities after taxation and adding back interest payable and similar charges, interest receivable and similar income tax on profit on ordinary activities, depreciation and negative goodwill. Accordingly, EBITDA can be extracted from our

consolidated financial statements by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, interest receivable and similar income tax on profit on ordinary activities, depreciation and negative goodwill. Charles Street ABS, the bankruptcy remote special purpose vehicle established for purposes of the Conduit Securitizations, is consolidated into our audited consolidated financial statements in accordance with UK GAAP. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS).*" Adjusted EBITDA is a measure which does not add back the interest costs associated with Charles Street ABS and is calculated as EBITDA before the removal of conduit interest attributable to the Conduit Securitizations.

EBITDA-based measures are not measurements of financial performance pursuant to UK GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with UK GAAP. Our management believes that the presentation of EBITDA and Adjusted EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA and Adjusted EBITDA in this offering memorandum may be different than the calculation of EBITDA and Adjusted EBITDA under the Indenture.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to profit on ordinary activities after taxation:

	Year ended June 30,	
	2014	**2015**
	(UK GAAP)	**(UK GAAP)**
	(£ in thousands)	
Profit on ordinary activities after taxation	40,651	55,064
Add back:		
Interest payable and similar charges	45,216	52,216
Interest receivable and similar income	(115)	(53)
Tax on profit on ordinary activities	11,379	15,078
Depreciation	472	957
EBITDA	97,603	123,262
Conduit interest[(a)]	(16,948)	(19,480)
Adjusted EBITDA	80,655	103,782

(a) Conduit interest represents interest paid on the variable funding notes issued under each Conduit Securitization. Interest on the variable funding notes is paid monthly. For further information on the variable funding note issuance facilities, see "*Description of Certain Financing Arrangements—The CABS Securitization—Amended and Restated Note Issuance Facility Agreement*."

EBITDA margin is calculated as EBITDA divided by turnover. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by turnover less interest costs attributable to the CABS Securitization.

(5) Ratio of net senior secured borrowings to value of total underlying security is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets. In the case of the Borrower Group, ratio of net senior secured borrowings to value of total underlying security is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to the Borrower Group's total loan assets; and ratio of net senior secured borrowings to value of total underlying security is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to the Borrower Group's total loan assets.

(6) In the case of the Borrower Group, total loan assets represent total loan assets excluding the principal balance of loans attributable to Charles Street ABS.

(7) "Tangible equity" represents shareholders' funds, which we define as including total shareholder equity and the Subordinated Shareholder Loan Notes. "Tangible assets" represent the sum of Fixed assets, Debtors and Cash at bank and in hand as included in the consolidated balance sheet. "Ratio of tangible equity to tangible assets" represents tangible equity divided by tangible assets.

Risk Factors

You should carefully consider the following risk factors together with all the other information included in this offering memorandum before purchasing the Notes. The risks below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently consider immaterial may also materially and adversely affect our business or operations. Any of the following risks could result in a material adverse effect on our business, financial condition, results of operations and the Issuer's ability to service its debt, including the Notes.

Risks Relating to Our Business

A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition.

Our business is sensitive to general business and economic conditions in the United Kingdom. A deterioration in economic conditions resulting in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies and other results that negatively impact household incomes could decrease demand for our loans, decrease loan redemption levels, increase loan delinquency rates and increase loan losses. Adverse economic conditions could impact demand for housing, the cost of construction and other related factors that could adversely affect our profitability.

In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact our level of arrears. Government actions taken in response to a downturn may include cuts in public benefits or public sector employment, or other austerity measures that may directly affect our customers by reducing or eliminating their disposable income, which could impact their ability to pay their debts. Private businesses may also reduce hiring or implement layoffs or reduce hours of work, which would potentially affect our customers. An increase in interest rates could impair the financial viability of our mortgages for customers, particularly those who have other significant debt subject to variable interest rates. As many of our second lien mortgage customers have first lien mortgages subject to variable interest rates with other lenders, a rise in interest rates could impact the ability of our customers to service their mortgage loans with us and thus our level of arrears and losses could increase.

Due to the credit or employment characteristics or sources of income of some of our customers, who may fall outside the lending criteria process employed by high street lenders, our customers may be more vulnerable to an economic downturn and also may be more prone to insolvency than the customers of other lenders. Even if we are able to develop tailored payment plans, provide forbearance options or engage in other measures for those of our customers who are affected by a deterioration in economic conditions in order to try to reduce the number of defaults and losses under our loans, such measures may prove unsuccessful, or, if successful in avoiding some defaults and losses, total collections may be reduced or the timing of receipt of payments may be extended, any of which would adversely affect our profitability. In an economic downturn, demand for our loans may be reduced and our customers are also less likely to redeem their mortgage loans as a result of banks and other lenders having reduced levels of liquidity with which to make loans with which customers can refinance their mortgages, lenders tightening their lending criteria and customers being less likely to meet lending criteria. If our level of redemptions were to decrease, we would receive less cash inflows and therefore have less cash with which to underwrite new business. In addition, in event of an economic downturn, it may become increasingly difficult to raise funding to fund additional loan origination.

Our business is also significantly affected by the fiscal and monetary policies of the UK government. We are particularly affected by the policies of the Bank of England, which regulates the supply of money and credit in the United Kingdom, including through the determination of the policy interest rate, taxation measures and lending caps. The policies of the Bank of England influence the size of the mortgage loan origination market, which impacts our business. Changes in these policies are beyond our control and difficult to predict and could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.

In a non-binding referendum on the United Kingdom's membership in the European Union in June 2016, a majority of the United Kingdom's electorate voted for the United Kingdom's withdrawal from the European Union. A process of negotiation will determine the future terms of the United Kingdom's relationship with the

European Union and its members. Depending on the terms of Brexit, the United Kingdom could also lose access to the single European Union market resulting in an impact to the general economic conditions in the United Kingdom. A decline in trade between the United Kingdom and the European Union could also affect the attractiveness of the United Kingdom as a global investment center and, as a result, could have a detrimental impact on the level of investment in the United Kingdom, including in real estate, and ultimately, on the United Kingdom's economic growth. The uncertainty regarding new or modified arrangements between the United Kingdom and other countries following Brexit may have a material adverse effect on property prices, investments in property, volumes of property transactions, the cost of capital and other related factors that could adversely affect our profitability. The uncertainty concerning the timing and terms of Brexit could also have a negative impact on the growth of the United Kingdom economy and cause greater volatility in the pound sterling. Uncertainty in the economy can also affect our customers directly. See "*—A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*."

Uncertainty regarding Brexit may lead to volatility in the financial markets and it may become increasingly difficult to raise funding to fund additional loan origination or to refinance our existing indebtedness. The policies of the Bank of England in the period after Brexit have been to reduce interest rates and increase quantitative easing. There can be no assurance that such policies of the Bank of England will be maintained, including in light of Brexit negotiations. While the majority of our loans are floating rate loans, the majority of our long-term indebtedness consists of facilities linked to LIBOR, therefore, we are indirectly impacted by decisions made by the Bank of England. Many of our regulatory obligations described under "*Regulation*" are based on, or are derived from, EU measures. Depending on the terms of Brexit (as defined herein), when finalized, some or all of our regulatory framework may be amended or modified. See "*—Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition.*" Any of the foregoing factors may have a material adverse effect on our business, results of operations and financial condition.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations.

The referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other EU member states to consider withdrawal.

These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated.

Depending on the terms of Brexit, the United Kingdom could also lose access to the single EU market resulting in an impact on the general and economic conditions in the United Kingdom. Additionally, political instability in the European Union as a result of Brexit may result in a material negative effect on credit markets and foreign direct investments in Europe. This deterioration in economic conditions could result in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, and other results that negatively impact household incomes. These negative impacts on the British economy could negatively impact the growth of the economy and consequently our financial condition and results of operations.

A deterioration in the mortgage market in the United Kingdom may materially adversely affect our business, results of operations and financial condition.

We specialize in providing mortgage loans. Possible future adverse economic conditions affecting United Kingdom, including as a result of Brexit, could have a negative impact on the mortgage market, resulting in, among other things, a general decline in both the net worth of property owners as well as property values. Moreover, certain regions in the United Kingdom in which we operate may be particularly affected by economic downturns or experience greater volatility in both the net worth of property owners as well as property values. A deterioration in the mortgage market could reduce the number of new mortgage loans we originate, decrease redemption levels and increase delinquency rates, default rates and losses under our loans, which could materially adversely affect our business, results of operations and financial condition.

In the event that property prices were to fall, this may result in lower property equity, higher LTVs, lower recoveries in repossessions and an increase in loss severities. Falling property prices means that property owners may have less equity in their properties which is the amount by which the market value of a house or property exceeds the balance of the outstanding mortgage or mortgages on such property, and therefore a reduced ability to use their properties to secure new financing. A reduction in successful loan applications could reduce the number of new mortgage loans we originate.

Moreover, if the amount of equity that mortgage borrowers hold in their properties decreases, borrowers are less likely or able to redeem their mortgages with us and may also, where equity is minimal, have an incentive to default on their mortgage loans, which we refer to as strategic defaults. If our level of redemptions were to decrease, we would receive less cash inflows due to lower redemption receipts and therefore have less cash with which to underwrite new business. Our profitability would also be adversely affected as a result of fewer redemption fees and fewer upfront fees. An increase in defaults could result in a higher level of credit losses and credit related expenses. A decrease in property prices would adversely affect in particular the portion of our total loan assets with higher LTVs.

If the credit quality of our borrowers deteriorates and/or we are unable to effectively control our level of delinquencies in the future, or if our allowances for impairment are insufficient to cover future loan losses, our business, results of operations and financial condition may be materially adversely affected.

Despite our underwriting criteria and Risk Management Framework, the credit quality of our prospective borrowers may decrease. An increase in delinquencies can reduce our profitability and cash flow and result in higher costs to service our loans (due to the increased time and effort required to collect payments), which we may not be able to fully recover. We cannot assure you that we will be able to effectively assure the credit quality of our borrowers will be maintained and/or control the level of delinquencies in our total loan assets. Our business is dependent on consistent, high-quality underwriting processes and servicing of loans, in particular as a percentage of our loans are extended to customers who typically fall outside the lending criteria of high street banks and thus may be subject to higher delinquency risk. If the quality of our underwriting processes or servicing of these loans were to deteriorate, the amount of our delinquencies could increase in the future. Underwriting guidelines cannot predict two of the most common reasons for a default on a mortgage loan: loss of employment and prolonged or serious medical illness. Factors beyond our control, such as the impact of macroeconomic trends, may also result in increases in delinquencies. See *"—A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*" and "*—A deterioration in the mortgage market in the United Kingdom may materially adversely affect our business, results of operations and financial condition*." Likewise, there is no precise method for predicting loan losses, and we cannot assure you that our monitoring and risk management procedures will effectively predict such losses or that our allowances for impairment will be sufficient to cover future losses. If we are unable to effectively assure the credit quality of our borrowers and/or control our level of delinquencies in the future, or if our allowance for impairment are insufficient to cover future loan losses, our business, results of operations and financial condition could be materially adversely affected.

If our property valuations do not accurately estimate the value of properties securing our loans at the time that we underwrite loans or if our valuations do not continue to remain accurate, our business, results of operations and financial condition may be materially adversely affected.

Our policy is to conduct property valuations for all of our mortgage loans as part of our underwriting process. Property valuations are only an estimate of the value of a property at the time the valuation is completed. We rely on our property valuations in determining LTVs, which inform our underwriting decisions. Although we may re value the properties securing our retail and commercial purpose loans over the course of the loans and apply a recognized regional house price index (Halifax Quarterly All Houses All Buyers Non-Seasonally Adjusted Price Index for periods prior to and including March 30, 2016 and Halifax Quarterly All Houses All Buyers Seasonally Adjusted Price Index for periods after March 30, 2016, which since June 1, 2016 is owned and administered by Markit (the "**Halifax House Price Index**")) to prior valuations of both our residential and commercial properties, as property values in the United Kingdom continue to experience volatility, there can be no assurance that individually, or as a portfolio, our property valuations are accurate when they are completed or that they will remain accurate in the future after applying the Halifax House Price Index. In the majority of cases, we conduct full interior and exterior valuations. In the case of loans for smaller amounts and at lower LTV levels, our valuations may consist of performing "drive by" exterior examinations or making use of automated valuation models. If our valuations overvalue the properties securing our loans, the LTVs of our loans may actually be higher than our records reflect, which could negatively impact our ability to mitigate against credit losses in the future, materially adversely affecting our business, results of operations and financial condition. Valuations of residential development properties are generally considered to be more subjective. As of June 30, 2016, we had a total of £76.0 million in development loans, comprising loans extended to finance the development of land or property primarily into residential units with payments typically being made out of the sale of property units. A number of these comprise loans originated prior to 2010, many of which are secured by properties for which construction is now finished and such properties are being actively marketed. Although we have made allowances for impairment on these loans (assuming an orderly sale process over a period of time), we cannot assure you that these provisions will be adequate to cover potential losses.

We depend on the accuracy and completeness of information about customers and their properties, and any misrepresented or inaccurate information could adversely affect our business, results and reporting of our operations and financial condition.

In deciding whether to extend credit to mortgage loan applicants, we rely on information furnished to us by customers and other third parties, such as solicitors, valuers and accountants, including employment, income and other financial information. We also rely on representations of customers as to the accuracy and completeness of and explanations for that information. While we have a practice of independently verifying certain information about customers (such as income information) that we use in making lending decisions and upon agreeing to loan modifications it is not possible to verify all the information. If any of the information provided to us is intentionally or negligently misrepresented and such misrepresentation is not detected prior to the funding or modification of a loan, the future recoverability of the loan may be adversely impacted, which could materially adversely affect our business, results of operations and financial condition.

Additionally, financial crime in the financial services sector is a threat for lenders and borrowers that is increasing and becoming increasingly more sophisticated. In addition, regulators are increasingly focused on financial crime prevention. See "*—We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition*." Although we have controls and processes designed to help us identify misrepresented information in our loan origination processes, including requiring all applicants to participate in a "Speak With," a conversation we have with applicants before loans are funded which also incorporates know-your-customer ("**KYC**") checks, and we also utilize information supplied by third party fraud prevention agencies to support our fraud prevention activities, our controls aimed at detecting and preventing financial crime (such as the use of our services for money laundering or terrorism-related activities) may not perform accurately or eliminate all instances where our services could be used for financial crime. Our internal audit function issued a report in March 2016 with regard to our financial crime control framework. The report identified that "further improvement work is required to define, implement and embed the framework more effectively. This includes more clearly defining the risks that the Group is exposed to, better communication of policies, fully documenting relevant requirements within procedures and establishing improved monitoring and oversight in both 'first and second line of defense' roles." While the report noted that the risk of financial crime loss was being mitigated by the risk team through a 'hands-on' operational management role on a day-by-day basis, it was considered that it was not as sustainable situation as the business continues to grow.

Although we have since taken certain remedial actions and established a new framework, there can be no assurance that our new framework will be able to prevent financial crime risk. Failure of our financial crime prevention controls and processes could result in a breach of applicable regulation and harm our reputation, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We also use a number of third party data providers to help us assess the credit quality of the customer (for instance, credit score data) and the nature and value of the underlying property. Such data are used both in our underwriting assessment and for the purposes of our portfolio analysis. We do not independently review the accuracy of the third party data, which if inaccurate, could affect our underwriting decisions or how we report our loan information.

If we fail to act proactively with delinquent borrowers in an effort to avoid repossession and potential losses on recoverability, then the number of delinquent mortgage loans eventually going into repossession and the potential for losses on recoverability could increase.

We proactively work with those of our customers who are experiencing reduced ability to service their mortgage loans, identifying mutually acceptable short and longer-term payment solutions, including reduced monthly payments and forbearance options. We believe it is important to be proactive in our management of delinquent accounts, acting firmly but fairly, in a timely manner and with regard to the individual circumstances of each customer. In certain circumstances, our actions in respect of delinquent accounts are governed by regulatory provisions, particularly with respect to residential mortgages. If we fail to act proactively with delinquent borrowers, then the number of delinquent mortgage loans eventually going into repossession could increase, and, in cases where LTVs are high, could lead to an increase in losses experienced on recoverability, which could materially adversely affect our business, results of operations and financial condition. If we fail to act in accordance with regulatory requirements, we could be subject to sanctions or substantial fines, which could materially adversely affect our business, results of operations and financial condition. See "*—We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition*."

We depend on the broker network, professional networks and other distribution channels to source customers, and any adverse changes in these relationships could materially adversely affect our business, results of operations and financial condition.

Our success depends, in significant part, on our relationships with brokers, professional networks and other distribution channels across the United Kingdom. In particular, our success and the growth of our business depend on our relationships with brokers. In the year ended June 30, 2016, 70% of the loans (by value) we extended were referred to us by brokers. We originate loans largely through third party mortgage brokers who are not contractually obligated to do business with us. Furthermore, our competitors also have relationships with such brokers and actively compete with us for business provided by such brokers. Accordingly, we may not be successful in distributing our loans through brokers or maintaining our existing relationships with brokers. If the brokers, or professional networks, through whom we source our loans choose not to distribute our loans or refer business to us, the level of mortgage loans we place may decline and ultimately our business, results of operations and financial condition could be materially adversely affected. Moreover, we do not have control over whether the brokers and other sources through whom we distribute our loans comply with the Financial Services and Markets Act 2000 and regulations of the FCA or other applicable laws or regulations that exist or may be enacted in the future. If the brokers through whom we distribute our loans fail to comply with such laws and regulations or have other difficulties, our access to certain distribution channels could be limited, which could have a material adverse effect on our business, results of operations and financial condition. We could also become subject to fines and penalties if we do not have sufficient controls and processes in place to identify such broker non-compliance with laws and regulations.

We face competition from other mortgage lenders that could materially adversely affect us.

Competition in the mortgage loan industry can take many forms, including interest rates and fees charged for a loan, permissive LTV thresholds, convenience in obtaining a loan, customer service and lender reputation, amount and term of a loan and marketing and distribution channels. Although many of our customers are unable to obtain loans from high street lenders, as demand for mortgage loans in our niche markets increases, many of our competitors may increase their market share by offering loans to our markets, particularly in favorable economic conditions. From 2004 through mid-2007, the demand for mortgage loans escalated, and many new entrants entered the mortgage markets offering mortgage loans across all markets, including the niche markets in which we participated. Although the number of our competitors decreased during the economic downturn, the economic environment has been improving and competitors have re-entered our market segments and new competitors have emerged in our market segments, which has resulted in some margin compression. Over recent years, our emerging competition includes "peer-to-peer" lenders, some of which provide property loans. If competition continues to increase, particularly as existing competitors and new entrants attempt to increase their market share, our margins could be negatively affected or we could suffer a loss of market share. Moreover, if the UK government engages in economic policies designed to encourage greater lending, we may face increased competition from other mortgage lenders. Technological advances, including heightened e-commerce activities, are also increasing the accessibility to consumers of loans generally, which has intensified competition among banking and non-banking companies in offering mortgage loans. In order to remain competitive, we continuously need to differentiate ourselves including by identifying trends in demand for alternative products within the mortgage market and providing an efficient and effectively customer service by continual investment in processing platforms. In addition we must continuously invest in our brand to increase brand and product awareness.

As a result of a new European Directive (2014/17/EU) on credit agreements for consumers relating to residential immovable property, known as the MCD, which came into effect on March 20, 2014 and was implemented in the UK on March 21, 2016, all mortgages that were previously regulated through the CCA and other FCA regulations are now regulated by the MCD. As a result of the new regulation, there may be an increase in competition in the retail second lien mortgage markets. As the regulation was introduced recently, the changes in the competitive landscape may not have yet fully materialized. See "*—Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition.*"

Fluctuations in interest rates and general economic conditions may also affect our competitive position. During periods of declining interest rates, competition increases as competitors may solicit our customers to refinance their mortgage loans. Furthermore, a cyclical decline in the level of originations of the mortgage loan industry, or decreased demand for mortgage loans due to a higher interest rate environment, may lead to increased competition for the remaining mortgage loans. If we are unable to compete successfully in our markets either by identifying new lending trends of which we can take a commercial advantage or by differentiating our service offering, our business, results of operations and financial condition could be materially adversely affected.

We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition.

Certain of the activities in which our subsidiaries are engaged are regulated by the FCA, including arranging and advising on regulated mortgage contracts and non-investment insurance contracts and entering into and administering the same, and consumer credit related regulated activities. See "*Regulation*." The FCA has prescribed rules, principles and guidance (the "**FCA Rules**") with which certain of our retail operations must comply. The FCA Rules include rules that impose, among other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for mortgage lending firms to remain authorized as well as rules on the conduct of business, the fitness and propriety of individuals performing certain functions in our business and a requirement to treat customers fairly. The FCA Rules also impose certain minimum capital requirements on FCA regulated firms. The "treating customers fairly" obligation requires FCA regulated firms, among other things, to demonstrate that senior management are taking responsibility for ensuring that consumer outcomes relevant to the business are delivered by establishing an appropriate firm culture and good practice. In addition, the FCA imposes requirements with regard to the management of customer complaints and the fitness and propriety of individuals ("**approved persons**") performing certain functions in our business ("**controlled functions**").

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly through the GABRIEL system, which the FCA uses to monitor adherence to continuing regulatory requirements. The FCA has broad investigative and disciplinary powers, including the power to impose fines and vary or cancel regulatory permissions. Failure to comply with the FCA Rules could lead to liability for damages to third parties, disciplinary action, public censures, fines, the imposition of other penalties, customers being compensated for losses or the revocation or variation of authorizations to conduct business, in whole or in part, which could negatively impact our reputation, among other things.

In certain cases, a customer has the right to refer a complaint to the Financial Ombudsman Service ("**FOS**"), which acts as an independent adjudicator of the consumer complaints made in relation to certain financial products and business. The FOS makes a decision based on what is fair and reasonable and good practice rather than strictly on the basis of compliance with the law. Certain claims brought before the FOS attract a fee, which is paid by the business subject to the complaint, whether or not it successfully defends such case.

If we fail to comply with regulatory requirements, we may not be able to conduct our business and our reputation could be adversely affected or may be subject to sanctions or substantial fines, as well as potential associated redress costs, which may have a material adverse effect on our results of operations and financial condition. In addition, our senior management may be subject to disciplinary investigations and actions including sanctions, financial penalties or regulatory censure including removal of permissions to undertake their roles, which may have a material adverse effect on our results of operations and financial condition.

In December 2012, the Financial Services Authority (the "**FSA**," now succeeded by the FCA) imposed a financial penalty of £1.2 million on CMCL, a subsidiary within our group that is authorized by the FCA, for certain historical issues. The FSA found that, during the period from October 2004 to December 2009, CMCL could not always demonstrate that it had taken sufficient steps to ensure that all loans were affordable to customers or that it had always applied the correct level of fees and charges, it did not always treat customers fairly when they fell into arrears and did not always communicate regularly or accurately with customers. The FSA found CMCL to be open and cooperative, with CMCL agreeing to settle at an early stage of the investigation; CMCL was one of a number of firms operating in a similar area of business to reach resolution with the FSA for similar matters. Although these issues pre-date a comprehensive review of our procedures, following which enhanced corporate governance standards were introduced, and relate to a period of time up to the end of 2009, there can be no assurance that our regulated businesses, including those other than CMCL, will not face regulatory action in the future in respect of our historic, current or future activities. Although we amended our policies and procedures between 2008 and 2010, in light of the FSA findings referred to above, for all our CMCL residential lending activities and applied many of the changes made to CMCL policies and procedures to the residential lending activities of those companies not historically regulated by the FSA but which became regulated by the FCA in 2014 under interim permissions, we cannot give any assurance that, despite it being under a different regulatory regime, the FCA will not review the activity of our previously non-FSA regulated businesses prior to 2010. Furthermore, any publicity as a result of regulatory action could have an adverse impact on our reputation with key stakeholders, such as our funders, brokers, others who introduce business to us and customers, which could materially adversely affect our business, results of operations and financial condition.

We are subject to laws regarding money laundering, financing of terrorism and laws prohibiting us, our employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the United Kingdom's Proceeds of Crime Act 2002 and Bribery Act 2010 (including the Fourth European Union Anti Money Laundering Directive which, when effective, will impose additional requirements with respect to determining beneficial ownership and identifying politically exposed persons).

We cannot predict the nature, scope or effect of future regulatory requirements to which we might be subject or the manner in which existing laws might be administered or interpreted. Although we believe we have implemented appropriate controls to meet these regulatory obligations, we cannot assure you that our controls will always be foolproof. If our systems and controls are found to be insufficient, we may be exposed to heightened financial crime and/or fraud risk and the relevant business, its directors and certain nominated members of staff could face criminal sanctions, regulatory censure or financial penalties.

We may be required to make payments to customers pending reviews of past lending decisions and business practices in excess of provisions for such payments.

We have substantially completed a series of reviews of certain of our past lending decisions, certain business practices and certain fees and charges applied to customers' accounts with respect to certain of our subsidiaries primarily relating to the period between 2004 to 2010, and in particular in respect of lending decisions on CMCL accounts, payment protection insurance ("**PPI**") sold by Phone-A-Loan Limited, one of our subsidiaries, certain fees and charges incorrectly applied to customers' accounts and in relation to which certain notifications related to fees and charges have not been correctly communicated to the customer, and certain interest payments where a payment is applied to an account after the due date due to processing delays in payment processing systems. As part of these reviews, we have made payments or have identified payments to be made to account holders and others deemed affected by our past practices. Although we believe we made adequate provisions in our accounts for any remaining exposure to such payments, we cannot be certain that our provisions are sufficient to meet any remaining or future payment obligations as a result of such reviews. If we are ultimately required to pay more than that for which we have made provisions, or discover other instances of non-compliance for which provisions have not been made, such unprovisioned obligations could adversely affect our business, results of operations and financial condition.

In November 2014, the Supreme Court decided in *Plevin v. Paragon Personal Finance Ltd*, 2014 UKSC 61 ("**Plevin**"), that the failure by the lender to disclose to a customer a large commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under section 140A of the Consumer Credit Act 1974 (the "**CCA**"). It did not define a tipping point above which the commission was deemed to be "large." The disclosure of such commission was not a requirement of the FSA (now FCA's) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). In line with the rest of the industry, the FCA and FOS, we are considering the implications of the judgment on both current and prior claims made concerning PPI. The decision has a potential impact on the number of customers of our subsidiaries who may have a claim relating to PPI commission disclosure, mis-selling and the treatment of prior claims. Additionally, one of the Company's subsidiaries, Blemain Finance Limited, has received a letter of claim sent on behalf of the Financial Services Compensation Scheme ("**FSCS**"), as a result of Plevin. FSCS has previously paid redress to customers bringing PPI mis-selling claims against insolvent brokers and has taken an assignment of such customers' rights to bring claims in respect of PPI. FSCS now seeks to bring a claim against Blemain Finance Limited, standing in the shoes of such customers, based on Plevin, relating to undisclosed commission.

On November 26, 2015, the FCA published a consultation paper (CP15/39: Rules and guidance on PPI complaints) proposing the introduction of a deadline by which consumers would need to make their PPI complaints or else lose their right to have them assessed by firms or by the FOS. On August 2, 2016, the FCA published a further consultation paper (CP16/20: Rules and guidance on payment protection insurance complaints: feedback on CP15/39 and further consultation). The proposed deadline by which consumers would need to make their PPI complaints would fall two years from the date the proposed rules come into force (i.e. by end of June 2019). The consultation paper also included proposals for an FCA-led communications campaign designed to inform consumers of the deadline and new rules and guidance on how firms should handle PPI complaints in light of the Supreme Court's decision in Plevin. In light of the proposals from the FCA, there is a risk that we may receive a higher level of complaints than previously assumed and that we may need to make additional provisions for PPI. The further consultation closed on October 11, 2016 and thereafter, the FCA will consider the responses received before making final rules, expected in December 2016. While not anticipated the outcome of the consultation and the final rules could have adverse effect on our reputation, business, financial condition, results of operations and prospects.

Based upon a probability of success matrix and expected claim rates, we have made provisions for these claims, however, there is a risk, depending on the interpretation and application of the judgment generally and our assessment of the likelihood and amount of the FSCS claim, that our provisions may not be sufficient to cover future claims and we may need to make additional provisions in the future. If we are ultimately required to pay more than that for which we have made provisions, such unprovisioned obligations could adversely affect our business, results of operations and financial condition.

Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition.

Changes in laws and regulations, or the manner in which they are interpreted or applied, could limit our activities in the future or could significantly increase the cost of regulatory compliance. These negative effects could result from changes in laws related to lending, consumer credit, consumer protection, consumer bankruptcy, credit reporting, accounting standards, capital requirements, taxation requirements, employment and communications laws, among others. Certain of our subsidiaries are subject to the consumer credit regime under the Financial Services and Markets Act 2000. On April 1, 2014, the regulation of consumer credit under the CCA and its secondary legislation thereunder transferred from the Office of Fair Trading ("**OFT**") to the FCA. For additional information, see "*Regulation—Regulation of Consumer Credit Activities*." The FCA has greater powers of enforcement than the OFT had and is anticipated to take a more proactive and intrusive approach to the regulation of consumer credit. Along with other credit providers that need to comply with the FCA requirements applicable to the provision of consumer credit, certain group subsidiaries may come under a greater degree of scrutiny from the FCA or incur additional compliance costs and could be subject to potential penalties required to make payments of redress to customers and other sanctions for noncompliance, if this is found to exist.

In October 2014, the FCA published final guidance to mortgage lenders to limit the total number of new residential mortgages at loan to income ratios at or greater than 4.5 times, to no more than 15%. The recommendation applies where either of the following conditions are met: (i) on an annual basis, the lender has entered into regulated mortgage contracts where the sum of the credit provided is or exceeds £100.0 million and the lender enters into 300 or more regulated mortgage contracts; or (ii) during two consecutive sets of four quarters, a firm has entered into regulated mortgage contracts under which the sum of credit provided in each set of four quarters is or exceeds £100.0 million and the firm has entered into 300 or more regulated mortgage contracts in each of those sets of four quarters. Currently, the recommendation only applies to first lien regulated mortgage contracts but may extend to second lien regulated mortgage contracts in the future. Although our first lien regulated contracts do not exceed £100.0 million, there is a risk that as our new business volumes increase or if the guidance is extended to regulated second lien lending, then application of the guidance could impact on our new lending origination volumes in future years.

On January 2, 2015, a cap on interest and fees for high-cost short-term credit came into force. The cap comprises the following: (i) an initial cost cap of 0.8% of the outstanding principal per day, on all interest and fees charged during the loan and when refinancing; (ii) a cap on default charges of £15; and (iii) a total cost cap of 100% of the total amount borrowed, as applicable to all interest, fees and charges. The cap applies to firms with respect to consumer credit lending, debt administration, debt collecting or operating an electronic system in relation to lending. Although such cap is not applicable to us, there can be no assurance that in the future the regulator may not impose similar restrictions on our industry.

There are also provisions in the Consumer Rights Act 2015 (the "**Consumer Rights Act**"), which came into force on October 1, 2015, which extend and restate the scope of the current regulatory regime on unfair terms (currently contained within the Unfair Terms in Consumer Contracts Regulations 1999 (as amended, the "**UTCCRs**"). It is therefore possible that any credit agreement that has been made or may be made to customers covered by the UTCCRs may contain terms that are, if challenged, found to be unfair, which may result in the possible unenforceability of such terms of such credit agreement, and could increase associated compliance costs. For additional information, see "*Regulation—Regulation of Consumer Credit Activities*."

In addition, the MCD came into effect on March 20, 2014 and was implemented in the UK on March 21, 2016. The United Kingdom's implementation of the MCD has a significant impact on our secured lending and broking activities, broadening the scope of mortgage regulation to include consumer buy-to-let ("**CBTL**") and second charge residential mortgages. The United Kingdom's implementation of the MCD required BFL to apply for FCA permissions in relation to second charge residential mortgage administration and for CMCL to register as a CBTL firm. BFL's application to administer second charge regulated mortgage contracts, and CMCL's registration for CBTL, were approved by the FCA in time for the implementation of the MCD on March 21, 2016. See "*Regulation—Regulation of Residential Mortgages*."

In 2015 and 2016 we carried out a major regulatory change program ("**Regulatory Change Program**") in order to implement the extensive requirements of the MCD regime within the prescribed timeframes. Given the recent implementation of such extensive requirements, there is a heightened risk we may have not addressed or misinterpreted the requirements and may inadvertently breach the new regulations.

From March 2016, the FCA's application of the Senior Managers and Certification Regime ("**SM&CR**") entered into effect for banking firms and Solvency II insurers. The key features of the SM&CR are: (i) an approval regime focused on senior management, with requirements on firms to submit robust documentation on the scope of these individual's responsibilities; (ii) a statutory requirement for senior managers to take reasonable steps to prevent regulatory breaches in their areas of responsibility; (iii) a requirement on firms to certify as fit and proper any individual who performs a function that could cause significant harm to the firm or its customers, both on recruitment and annually thereafter; and (iv) a power for regulators to apply enforceable rules of conduct to any individual who can impact their respective statutory objectives. In October 2015, HM Treasury announced the government's intention to extend the SM&CR to all sectors of the regulated financial services industry, replacing the "approved persons" regime. Therefore, the SM&CR is expected to apply to the regulated entities and approved persons of the group from 2018, following further FCA consultation. Implementing the SM&CR will require significant attention from our management the process for which has already commenced.

It is possible that the forthcoming changes to the regulatory landscape will result in increased compliance costs and that we could become subject to additional or new regulatory obligations resulting from such changes. In addition, there may be increased requirements on product development, underwriting criteria, customer due diligence and arrears management for future business that could have an adverse impact on our business. In addition, changes to regulation might also affect the competitive landscape. See "*—We face competition from other mortgage lenders that could materially adversely affect us.*"

Regulators are increasingly guiding lenders to exercise "forbearance" in relation to arrears, accept low repayment offers and refrain from placing customers under undue pressure in relation to the repayment of their loans. To the extent that new laws, regulations or guidance reduce the profitability of mortgage lending or result in lower mortgage loan volumes, such laws could have a material effect on our business, results of operations and financial condition. For additional information, see "*Regulation*."

In recent years, the United Kingdom Government, the FCA and its predecessor and other regulators in the UK, the European Union and overseas, have become substantially more interventionist in application, monitoring, supervision and enforcement, and may intervene further in the markets in which we operate, which could affect our business and increase our compliance costs. Moreover, a significant number of new rules and guidelines are being or have been introduced both in the United Kingdom and in the European Union, including in relation to systems and controls, treating customers fairly and remuneration. The introduction of any new requirements may affect our business, may make it more difficult to attract senior management and increase our compliance costs.

The European Commission has proposed substantial changes to the EU data protection regime, involving replacement of the current UK data protection law by a directly effective EU regulation which will come into force at the earliest in 2017. The regulation, if it becomes law in its currently proposed form, would impose a substantially higher compliance burden on us and materially increase the maximum level of fines for compliance failures from its current level.

In addition, many of our regulatory obligations described under "*Regulation*" are based on, or are derived from, EU measures. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. See "*—The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.*"

The initiatives of the UK Government related to the buy-to-let market may adversely affect our business, results of operation and financial condition.

The UK Government recently announced a range of measures affecting the buy-to-let segment of the property market, such as the 3% stamp duty land tax surcharge on second homes introduced in April 2016 and the restrictions of tax relief on mortgage interest payments to the basic rate of tax to be phased in between 2017 and 2020. Furthermore, the Bank of England has recently introduced new guidelines for mortgage lenders on stress testing buy-to-let mortgages and in assessing affordability which may limit the availability of such mortgages. At this current time, it is difficult to assess the full impact of these initiatives on our operations.

A significant portion of our medium- to long-term commercial purpose and our short-term commercial purpose lending activity is either directly linked to the buy-to-let market or provides a bridging solution to longer term buy-to-let financing. The UK Government's initiatives could result in reduced demand for our products which in turn could affect new business origination and profitability. Such initiatives may also lead to a potential reduction in housing prices, which reduces property owners' equity. Furthermore, recent changes to tax relief may put increased strain on the ability for borrowers to make ongoing mortgage payments, which could result in increased delinquency rates, defaults and repossessions, which could have a material adverse effect on our business, results of operation and financial condition.

Our business could suffer as a result of current or future litigation.

Our business could suffer as a result of current or future litigation. We may from time to time become a party to claims and lawsuits in the ordinary course of our business, in particular those brought against us by firms that specialize in consumer litigation, due to allegations such as unfair terms in our mortgage loans, misrepresentation, fraud and lending irresponsibly or to vulnerable borrowers. The investigation, defense and resolution of such matters can be prolonged and costly, and given the inherent uncertainty of litigation, we can offer no assurance that existing or future litigation will not have a material adverse impact on our business or results of operations. In addition, managing and defending litigation can significantly divert management's and the Board of Directors' attention from operating our business. All of these could have a material adverse effect on our business and results of operation.

The loss of a number of our senior management or a significant number of our underwriters, account executives, sales personnel or other client facing employees could have a material adverse effect on our business. The inability to attract and retain qualified personnel that share our culture and strategic vision could also have a material adverse effect on our business.

Our success depends to a substantial extent on the ability and experience of members of our senior management and on the individual underwriters and sales personnel that service our customers and maintain customer relationships. We are particularly reliant on our senior management's relationships with, and their understanding of the requirements of, the relevant public and regulatory authorities in the industry in which we operate and other persons with whom we regularly deal in the conduct of our business. We have put in place policies and remuneration that are designed to retain and properly incentivize management. We do not, however, maintain key person insurance on any member of our senior management team. There can be no assurance that we will be able to retain and incentivize management or to find suitable replacements should any of them leave us. Should senior management leave in significant numbers or if a critical member of senior management were to leave unexpectedly, our business, results of operations and financial condition could be adversely affected. Furthermore, we have recently appointed a number of new members to our senior management to support delivery of our strategic objectives. The process of attracting such new personnel and retaining suitable replacements for key personnel whose services we may lose would result in transition costs and would divert the attention of our senior management from existing operations. Likewise, the loss of a significant number of our underwriters, account executives, sales personnel or other client facing employees could have a material adverse effect on our business. We believe that our future success will depend in part on our ability to attract and retain additional highly skilled and qualified personnel who share our values and strategic vision and to expand, train and manage our employee base. The inability to attract and retain such qualified personnel could also have a material adverse effect on our business.

Interruption or loss of our information processing systems or third-party systems we use or failure to maintain secure information systems could have a material adverse effect on our business.

Our business depends on the ability of our employees to process transactions using secure and accurate information systems. Our capacity to service our customers depends on storing, retrieving, processing and managing information. Interruption or loss of our information processing capabilities, loss of stored data, the failure of computer equipment or software systems, telecommunications failure or other disruption could have a material adverse effect on our business, results of operations and financial condition. A disruption in the infrastructure that supports our business and the communities where we are located, for example, would adversely affect our ability to operate our business. Such disruptions may include a disruption involving terrorist activities, disease pandemics, or electrical, communications or other services used by our company, our employees or third parties with whom we conduct business. We have developed a disaster recovery plan and have introduced hardware and facilities to support the plan (including a workplace recovery site, disaster recovery site and offsite server capacity) and carried out testing, however, there can be no assurance that in the event of a disaster our systems will be fully effective.

In addition, we are dependent on certain third-party suppliers to enable us to complete certain key operational transactions including the receipt and recording of banking transactions by our banking services provider and also the processing of customer payments by our card payment processing provider. A significant failure by either of these providers could have an impact on our ability to receive payments and record transactions correctly and in a timely manner.

Our computer systems also store information about our customers, some of which is sensitive personal data. We have, from time to time, experienced unsuccessful attempts by others to gain unauthorized access to our computer systems and networks. In the current environment, there are numerous and evolving risks to cyber security, including criminal hackers and human or technological error. Database privacy, identity theft and related computer and internet issues are also matters of growing public concern and are subject to frequently changing rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although we believe we have taken and continue to take reasonable and appropriate security measures to prevent unauthorized access to information in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss or personal data may be processed in breach of the relevant data protection regulations or we may fail to register our companies that process personal data with the Information Commissioner's Office. As a result of our recent rebranding and the increased visibility of our brand, there is a heightened risk of cyber-attacks and phishing attempts. In such circumstances, we may be liable to our customers or fined by the Information Commissioner's Office, the authority responsible for upholding information rights in the United Kingdom or by the FCA. Litigation, adverse publicity and the imposition of fines for failure to maintain secure information systems could have a material adverse effect on our business, results of operations and financial condition.

Our business faces technological changes, and our failure to adequately anticipate or respond to these changes could materially adversely affect our competitiveness, thereby affecting our business, results of operations and financial condition.

We are dependent upon our ability to effectively interface with brokers, customers and other third parties to efficiently process loan applications. The residential loan originations and administration process is becoming increasingly more dependent upon technological advancement, such as our continued ability to process applications and payments over the Internet, accept electronic identification, provide process status updates instantly and other borrower and broker-expected conveniences. Our management also relies on receiving information through our information systems that is timely and sufficient to manage risks or to plan for, and respond to, future changes in market conditions or regulation and other developments in our operations. We are continuously upgrading and enhancing our core operational systems. Any failures to effectively maintain, improve or upgrade our information technology infrastructure and management information systems in a timely manner could adversely affect our competitiveness, thereby affecting our business, results of operations and financial condition.

Our business relies in part on bank financing to fund mortgage loans. If one of our financings is terminated or is not renewed in whole or in part, we may be unable to find replacement financing on commercially favorable terms, or at all, which could have a material adverse effect on our business, results of operations and financial condition.

We require a significant amount of indebtedness to fund the mortgage loans that we originate. As of June 30, 2016, total variable funding notes drawn were £760.0 million under the variable funding note issuance facility under the CABS Securitization, with a revolving maturity period to January 31, 2021, and £200.0 million under the variable funding note issuance facility under the LABS Securitization, with a revolving maturity period until August 31, 2018. See "*Description of Certain Financing Arrangements—Conduit Securitizations*." In addition, as part of the Refinancing, we are issuing an aggregate principal amount of £375.0 million of 6¼% Senior Secured Notes due 2021. Our ability to originate mortgage loans depends in part upon our ability to secure and maintain such financings on acceptable terms. If the CABS Securitization and/or the LABS Securitization were terminated or not renewed in whole or in part or the Revolving Credit Facility is terminated or not renewed or the Senior Secured Notes could not be refinanced in whole or in part, we may be unable to find replacement financing on commercially favorable terms, or at all, and as a result be unable to originate as many mortgage loans, which could have a material adverse effect on our business, results of operations and financial condition. We may also be unable to find additional sources of financing on commercially favorable terms to fund the increased number of mortgage loans that we would like to originate as part of our growth strategy.

Interest rate fluctuations may have a material adverse effect on our business, results of operations and financial condition.

Our results of operations are affected by changes in prevailing interest rates in the United Kingdom and other markets. The following are some of the material risks we face related to increases in prevailing interest rates:

- an increase in prevailing interest rates would increase the cost of servicing our borrowings subject to variable interest rates;
- an increase in prevailing interest rates could adversely affect our loan originations volume as loans become less attractive to customers; and
- an increase in prevailing interest rates could impact the ability of our customers to service our mortgage loans or other significant debt which they may have that is subject to variable interest rates.

Each Conduit Securitization and the Revolving Credit Facility, in part, are indexed to LIBOR. Additionally, each Conduit Securitization is funded or may be funded, in part, in the commercial paper market. Although most of our customers have variable interest rate mortgages with us and loan agreements with our customers provide the right to increase the customers' interest rates if our own funding costs increase, our level of arrears and ultimately cash flows could be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. Our customers and/or a regulator may challenge any future rate increase based on our loan agreements with our customers, law or regulatory guidelines which may prevent us from passing on any interest rate rise to our customers and which could have a material adverse effect on our business, results of operations and financial condition.

We have historically used interest rate swaps to hedge part of our floating rate exposure in respect of the Revolving Credit Facility. We currently offer within our product range a fixed rate product (up to a maximum of five years). Although we have the ability to introduce hedges to mitigate against future interest rate rises we may not be successful in the future in obtaining hedges on acceptable terms. We currently do not have any interest rate hedges in place. For a further discussion of this risk and the measures we have historically taken to protect our business from this risk, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk*."

Imbalances in maturity between our total loan assets and our sources of funds could adversely affect us and our capacity to expand our business.

We are exposed to maturity mismatch between our sources of funding and both the contractual terms in our mortgage loans and the behavioral maturity profile of our mortgage loans which relates to the actual behavior of our customers who, for example, typically repay mortgage loans early upon the sale of their property, and our sources of funding. The behavioral maturity profile of our loan portfolio is different from the contractual terms as many loans redeem prior to their maturity date and in some cases loans redeem after their maturity date. Any mismatch between the maturity of our total loan assets and our sources of funds could present a liquidity risk or increase our total cost of funds if we fail to obtain funding on an ongoing basis, which could negatively affect our liquidity position and adversely affect our business, results of operations and financial condition.

The interests of our shareholders may conflict with your interests.

The interests of our shareholders may not be entirely consistent with your interests, and our shareholders may take actions in relation to our business that are not entirely in your interest. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our shareholders may conflict with your interests. In addition, our shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you. See "*Shareholders*."

We have not included any US GAAP financial information in this offering memorandum.

We have historically prepared our financial statements on the basis of UK GAAP and from July 1, 2015 we have prepared our financial statements in accordance with IFRS UK GAAP and IFRS differ in certain significant respects from each other and from US GAAP. We have not presented a reconciliation of our consolidated financial statements from either UK GAAP or IFRS to US GAAP for any period in this offering memorandum. As there are significant differences between UK GAAP, IFRS and US GAAP, there may be substantial differences in our results of operations, cash flows and financial condition if we were to prepare our financial statements for those periods in accordance with UK GAAP, IFRS or US GAAP.

We recently transitioned to financial reporting from UK GAAP to IFRS, which differs in certain significant respects from UK GAAP under which we have historically reported.

Historically, our financial statements were prepared in accordance with UK GAAP. From July 1, 2015, we have adopted IFRS as our financial reporting accounting standards. Our first annual audited financial statements prepared in accordance with IFRS have been our financial statements for the year ending June 30, 2016 and 2015. IFRS significantly differs from UK GAAP. Accordingly, our consolidated financial statements as of and for the years ended June 30, 2015 and 2016, prepared in accordance with IFRS, may not be comparable to our annual financial information for 2015 and prior years, prepared in accordance with UK GAAP. For an analysis of the main adjustments and reclassifications, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability*" and Note 32 to the audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016.

Changes to accounting standards may affect our reporting of financial results.

Since July 1, 2015 our financial statements have been prepared and presented in accordance with IFRS. Any future changes in these accounting standards, including in the reporting of our income and impairment losses, may have a significant impact on our reported results and financial condition. In particular, there are a number of standards, amendments and interpretations which have been issued by the IASB. The most significant of these is IFRS 9 Financial Instruments, which will replace for IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial assets, in particular, the impairment of financial assets. Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristics of their contractual cash flows. Furthermore, IFRS 9 is replacing the incurred loss approach to impairment of IAS 39 with an approach based on expected losses. We intend to adopt IFRS 9 in our financial statements for the annual period beginning on July 1, 2018. The new standards may also introduce a degree of volatility to our assets and liabilities due to the requirements to reassess certain key estimates and judgments at each reporting date. Although we have not yet estimated the effects of the new standards on our results, we expect a significant impact, in particular, to our allowances for impairment.

The offering of the Notes and consummation of the Transactions are likely to negatively affect our credit rating.

We previously announced certain elements of the Transactions and Notes offered hereby. Following such announcement, S&P placed us on negative watch, albeit indicating any downgrade would likely be limited to one notch. Fitch determined no action is required following the announcement. A reduction of our credit rating could adversely affect our ability to incur additional debt and the terms on which our credit counterparties may be willing to lend to us. Any deterioration of our ability to access funding or the terms on which funding is provided could present a liquidity risk or increase our total cost of funds, which could negatively affect our liquidity position and adversely affect our business, results of operations and financial condition. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources*."

Risks Relating to the Notes

The Issuer is a holding company with no business operations or assets.

The Issuer is a holding company with no business operations or assets other than an indirect ownership of 100.0% of the voting shares of the Company and certain intercompany receivables. The capital stock of the Company will be indirectly owned by the Issuer through Midco2. The Indenture prohibits the Issuer from engaging in any activities other than certain limited activities permitted under "*Description of the Notes—Certain Covenants—Limitation on Issuer Activities*."

We conduct our operations primarily through the Company and its subsidiaries, none of which will provide a guarantee for the Notes. Consequently, the Issuer will depend on dividends and other distributions from its direct and indirect subsidiaries to make payments of principal (or interest in cash) on the Notes. The Company and its subsidiaries are separate and distinct legal entities, and they will have no obligation, contingent or otherwise, to pay the amounts due under or in relation to the Notes or to make any funds available to pay those amounts, whether by dividend, distribution or other payments. You will not have any direct claim on our income from business operations because these operations are undertaken by the Company and its operating subsidiaries. If the Company and its operating subsidiaries do not distribute cash to the Issuer (through Midco2) to make payments on the Notes, we do not expect the Issuer to have any other source of funds that would allow it to make payments to the holders of the Notes.

Agreements governing our debt, including the indenture governing the Senior Secured Notes, the Revolving Credit Facility and the Conduit Securitizations may from time to time restrict the ability of our subsidiaries to move cash from the Company or its operating subsidiaries to the Issuer. Applicable tax laws may also subject such payments to further taxation in certain circumstances. Applicable law may also limit the amounts that some of the Issuer's subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments.

Even if the Issuer has sufficient cash (received as dividends or otherwise) at any time to satisfy its obligations under the Notes at that time, the Issuer may, subject to the satisfaction of certain conditions, make investments in and make other distributions to its subsidiaries and third parties.

The Notes are obligations solely of the Issuer, are not guaranteed by any subsidiary and are structurally subordinated to all of the debt and liabilities of the subsidiaries of the Issuer.

The Notes will be structurally subordinated to all debt and liabilities of the subsidiaries of the Issuer. As of June 30, 2016, after giving effect to the Refinancing and the Transactions, the Company and its subsidiaries would have had total borrowings of £1,335 million, as well as £68.1 million outstanding of intercompany loans from Midco2. See *"Description of Certain Financing Arrangements."*

Generally, claims of creditors of a subsidiary, including trade creditors, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity, including claims against the Company by the Issuer. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the Issuer's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) of the Issuer's subsidiaries, none of which will guarantee the Notes. The subsidiaries of the Issuer may not have sufficient funds to pay (or receive sufficient funds to pay) all their respective creditors, and you may not receive any payment on the Notes or receive less, ratably, than the holders of debt of the subsidiaries of the Issuer and other liabilities. Subject to certain limitations, the subsidiaries of the Issuer will be permitted to incur additional debt and liabilities in the future under the terms of the Senior Secured Notes Indenture, the CABS Securitization, the LABS Securitization, the Revolving Credit Facility and the Indenture which may lead to further structurally senior indebtedness being incurred in future.

The substantial leverage of the Issuer and its subsidiaries and their debt service obligations could limit their flexibility, adversely affect our business and prevent the Issuer from fulfilling its obligations under the Notes.

The Issuer and its subsidiaries have a substantial amount of debt and significant debt service obligations. As of June 30, 2016, on a *pro forma* basis after giving effect to the Refinancing and the Transactions, including the offering of the Notes and the use of proceeds therefrom, the Issuer and its subsidiaries would have had an aggregate principal amount of £1,555 million of debt, as well as £143.0 million outstanding of intercompany loans from Topco that will constitute "Deeply Subordinated Shareholder Indebtedness." After June 30, 2016, we drew an additional £30.0 million under the Conduit Securitizations. For a detailed description of our debt, see "*Description of Certain Financing Arrangements*."

The degree to which the Issuer and its subsidiaries are leveraged could have important negative consequences for the Issuer and its subsidiaries and you as holder of the Notes. For example, the substantial debt of the Issuer and its subsidiaries could:

- make it difficult for the Issuer and its subsidiaries to satisfy their obligations with respect to our other debt and to the Notes;
- require the Issuer and its subsidiaries to dedicate a substantial portion of the cash flow from operations to making payments on their debt, thereby limiting the availability of funds for working capital, business opportunities and other general corporate purposes or to pay dividends from the Company to Midco2;
- increase their vulnerability to adverse general economic or industry conditions;
- limit their flexibility in reacting adequately to changes in our business or the industry in which they operate;
- place them at a competitive disadvantage compared to those of our competitors that have less debt than the Issuer and its subsidiaries do; and
- limit their ability to borrow additional funds and increase the costs of any such additional borrowings.

In addition, the CABS Securitization begins to amortize on January 31, 2020 and expires in January 31, 2021. The LABS Securitization expires on August 31, 2018, on which date Lakeside ABS must repay any remaining amounts outstanding under the LABS Securitization. The Revolving Credit Facility expires on August 28, 2017. The Senior Secured Notes are expected to mature on September 15, 2021. The Notes will mature on , 2021. The liquidity of the Issuer and its subsidiaries may be adversely affected if the Issuer and its subsidiaries are unable to refinance the above facilities on acceptable terms or at all.

For a discussion of cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Despite the high level of indebtedness of the Issuer and its subsidiaries, the Issuer and its subsidiaries may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with its substantial indebtedness.

The Issuer and its subsidiaries may be able to incur significant additional debt in the future. Although financing agreements of the Issuer and its subsidiaries and the Indenture contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial or secured. Under the Indenture, in addition to specified permitted indebtedness, the Company and its restricted subsidiaries will be able to incur additional indebtedness so long as on a *pro forma* basis the ratio of the consolidated fixed charges of the Company (excluding fixed charges related to the Conduit Securitizations) to Consolidated EBITDA (as defined in the Indenture) would be at least 2.0 to 1.0. Incurring such additional debt could further increase the related risks that the Company and its subsidiaries now face, as described above. In addition, the covenants contained in the Revolving Credit Facility are different than those contained in the Indenture and Senior Secured Notes Indenture. The Revolving Credit

Facility will expire at its maturity on August 28, 2017, and we may choose to cancel the Revolving Credit Facility in its entirety prior to that date. Once the Revolving Credit Facility expires or is cancelled, we will no longer be subject to any of the Revolving Credit Facility restrictive covenants, including those restricting our incurrence of indebtedness and distribution of dividends as well as the maintenance covenants pertaining to our overall financial ratios.

The Issuer and its subsidiaries are subject to restrictive covenants that may limit their ability to finance their future operations and capital needs and to pursue business opportunities and activities.

The Revolving Credit Facility, Conduit Securitizations, the Senior Secured Notes Indenture and the Indenture contain covenants that impose, subject to certain exceptions and qualifications, significant operating and financial restrictions on the Issuer and its subsidiaries. These arrangements limit the ability of the Issuer and its subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, or redeem or repurchase, capital stock and make certain other restricted payments;
- make certain investments;
- create or permit to exist certain liens;
- agree to restrictions on dividends by restricted subsidiaries;
- transfer, lease or sell certain assets including subsidiary stock;
- enter into certain transactions with affiliates;
- merge or consolidate with other entities;
- engage in certain activities;
- amend certain documents; and
- impair the security interests for the benefit of the holders of the Notes.

The covenants under the Revolving Credit Facility, each of the Conduit Securitizations, the Indenture and the Senior Secured Notes Indenture could limit the ability of the Issuer and its subsidiaries to finance their future operations and capital needs and their ability to pursue business opportunities and activities.

In addition, some of our financing arrangements (including the Conduit Securitizations and the Revolving Credit Facility), require us to maintain certain ratios with respect to aspects of certain of our assets. The covenants to which we are subject under the Revolving Credit Facility and the Conduit Securitizations could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*" and "*Description of Notes—Certain Covenants*." Any future indebtedness may include similar or other restrictive terms. As a result of these restrictions, the Issuer and its subsidiaries will be limited in the manner in which they can conduct their business and may be unable to engage in favorable business activities or finance future operations.

In addition to limiting the flexibility of the Issuer and its subsidiaries to operate their business, a failure to comply with their obligations and restrictions contained in their financing arrangements, or to maintain ratios with respect to certain aspects of their assets required by our financing arrangements, could lead to a default under their terms that could result in an acceleration of the indebtedness. There can be no assurance that the future results of operations of the Issuer and its subsidiaries will be sufficient to enable compliance with the covenants in their financing arrangements or to remedy a default. Moreover, our ability to maintain or to meet the financial and operational ratios under the Revolving Credit Facility, each Conduit Securitization or other prospective financing arrangements can be affected by events beyond our control and we cannot assure you that we will meet them. A breach of any of those obligations, covenants, ratios, tests or restrictions could result in an event of default or a forced sale event under the CABS Securitization, the LABS Securitization or the Revolving Credit Facility. Upon the occurrence of any event of default or a forced sale event under either the CABS Securitization, the LABS Securitization or the Revolving Credit Facility, subject to any cure periods, if applicable, and other limitations on acceleration or enforcement, our creditors could cancel the availability of the

CABS Securitization, the LABS Securitization or the Revolving Credit Facility, as appropriate, and elect to declare all amounts outstanding under the CABS Securitization, the LABS Securitization or the Revolving Credit Facility, as appropriate, together with accrued interest, immediately due and payable. A declaration of acceleration under the Revolving Credit Facility would also result in an event of default under the Notes. In addition, an event of default or declaration of acceleration under a financing arrangement could also result in an event of default or a forced sale event under one or more other financing arrangements of the Issuer and its subsidiaries. If the creditors of the Issuer and its subsidiaries, including those under the CABS Securitization, the LABS Securitization or the Revolving Credit Facility, accelerate the payment of amounts due thereunder, there can be no assurance that the Issuer and its subsidiaries would have sufficient assets to repay in full those amounts, and to satisfy all other liabilities of the group that would be due and payable and to repay the Notes in full or in part.

If the Company is not permitted to provide sufficient funds to Midco2, and Midco2 does not distribute cash to the Issuer to pay Cash Interest on the Notes, interest may be paid in PIK Interest instead of in cash.

The Issuer will be required to pay the first and last interest payments on the Notes entirely in cash. The Issuer will be required to pay each other interest payment on the Notes entirely in cash unless the conditions described in this offering memorandum are satisfied, in which case the Issuer will be entitled to pay, to the extent described herein, interest as PIK Interest. In general, the Issuer must pay cash interest only if it has sufficient available cash, together with cash that is then distributable to the Issuer by its subsidiaries, taking into account legal and contractual restrictions, to make such interest payments. See "*Description of Notes—Interest*." Each of the Senior Secured Notes Indenture, the Senior Secured Notes Intercreditor Agreement and the Revolving Credit Facility limits dividends or distributions from the Company to Midco2 or to the Issuer. With respect to the Notes, the Issuer will only be required to pay cash interest on the Notes to the extent that the Company is able to issue dividends or make distributions pursuant to the "consolidated net income build-up basket," the "general restricted payments basket" or the leverage-based restricted payments basket provisions of the restricted payments covenant in the Senior Secured Notes Indenture. The Revolving Credit Facility further restricts the capacity of the Company to issue dividends or make distributions to Midco2 or the Issuer to the extent that the consolidated senior secured gearing ratio or group tangible net worth (each as defined in the Revolving Credit Facility) would fall below certain thresholds.

The Revolving Credit Facility, the Senior Secured Indenture and the Conduit Securitizations allow the Issuer's subsidiaries to utilize amounts that would otherwise be available to pay dividends to the Issuer for other purposes, and such uses would reduce the amount of cash available to pay dividends to the Issuer in order to pay cash interest on the Notes. The terms of the Notes offered hereby will not restrict the ability of the Issuer's subsidiaries to use their dividend payment capacity for such alternative purposes. See "*Description of Notes—Certain Covenants*." As a result, there can be no assurance that the Issuer will be required (or able) to make payments on the Notes in cash. The payment of interest through an increase in the principal amount of the outstanding Notes or the issuance of Additional Notes would increase the amount of the Issuer's indebtedness and would increase the risks associated with the Issuer's level of indebtedness.

Many of the covenants contained in the Indenture will be suspended if the Notes are rated investment grade by both of Fitch Ratings Limited and Standard & Poor's Ratings Services.

Many of the covenants in the Indenture governing the Notes will be suspended if the Notes are rated BBB- or better by Fitch Ratings Limited and BBB- or better by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc., provided that at such time no default under the Indenture has occurred and is continuing. These covenants will restrict, among other things, the Issuer's ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade, or that if they are rated investment grade, that the Notes will maintain such ratings. Suspension of these covenants, however, would allow us to engage in certain transactions that would not be permitted while these covenants were in force, including incurring additional debt, paying dividends and making investments which may conflict with, or otherwise be adverse to, the interests of the holders of the Notes. See "*Description of Notes—Certain Covenants—Suspension of Certain Covenants when Notes Rated Investment Grade*."

The Issuer will require a significant amount of cash to service the Notes and its other debt. The ability of the Issuer and its subsidiaries to generate cash depends on many factors beyond their control, and the Issuer and its subsidiaries may not be able to generate sufficient cash to service their debt.

The ability of the Issuer and its subsidiaries to make payments of principal when due and cash interest payments on the Notes (to the extent required) and to meet their other debt service obligations depends on their future operating and financial performance and ability to generate cash, which are affected by their ability to implement their business strategy as well as general economic, financial, competitive and other factors beyond their control. The Revolving Credit Facility will expire at its maturity on August 28, 2017; the Senior Secured Notes mature on September 15, 2021; the CABS Securitization begins to amortize on January 31, 2020 and expires in January 31, 2021; and the LABS Securitization expires and must be repaid on August 31, 2018 on which date Lakeside ABS must repay any remaining amounts outstanding under the LABS Securitization. If at the maturity of these loans, the Senior Secured Notes, the Conduit Securitizations or any other debt which we may incur, we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness. Furthermore, we may need to refinance all or a portion of our indebtedness, including the Revolving Credit Facility, the Senior Secured Notes, and the Conduit Securitizations on or prior to their stated maturity. If we are unable to refinance or restructure all or a portion of our indebtedness or obtain such refinancing or restructuring on terms acceptable to us, we may be forced to sell assets, or raise additional debt or equity financing in amounts that could be substantial or the holders of our debt may accelerate our debt and, to the extent such debt is secured, foreclose on our assets. See also "*—Risks Relating to Our Business—A deterioration of the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*." There can be no assurance that the Issuer and its subsidiaries will be able to generate sufficient cash through any of the foregoing. If the Issuer and its subsidiaries are not able to refinance any of their debt, obtain additional financing or sell assets on commercially reasonable terms or at all, Issuer and its subsidiaries may not be able to satisfy their obligations with respect to their debt, including the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

The Issuer and its subsidiaries may not be able to finance a change of control offer required by the Indenture.

Upon a change of control, as defined in the Indenture and in the Senior Secured Notes Indenture, the Issuer and the Senior Secured Notes Issuer, as applicable, would be required to make an offer to repurchase all outstanding Notes and Senior Secured Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. Furthermore, a change of control may result in a default or prepayment event under the Revolving Credit Facility or the Conduit Securitizations and may cause a default or prepayment event in relation to our future indebtedness. The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by the Issuer and its subsidiaries. If a change of control occurs, there can be no assurance that the Issuer will have sufficient funds to repurchase the Notes that have been tendered. See "*Description of Notes—Repurchase at the Option of Holders—Change of Control.*" In addition, a change of control could constitute a default under other indebtedness of the Issuer and its subsidiaries.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of Notes—Repurchase at the Option of Holders—Change of Control*," the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The term "all or substantially all" in the context of a change of control has no clearly established meaning under the relevant law and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

Upon the occurrence of a transaction that constitutes a change of control under the Indenture, the Issuer is required to offer to repurchase all outstanding Notes. One of the ways a change of control can occur is upon a sale of all or substantially all of the assets of the Issuer. With respect to the sale of assets referred to in the definition of change of control in the Indenture, the meaning of the phrase "all or substantially all" as used in that definition varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under the relevant law and is subject to judicial interpretation. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person and therefore it may be unclear whether a change of control has occurred and whether the Issuer is required to make a change of control offer, to repurchase the Notes.

The value of the collateral securing the Notes may not be sufficient to satisfy the Issuer's obligations under the Notes.

The Notes will be secured by (i) a pledge over the issued capital stock in Midco2 and (ii) an assignment of all existing and future intercompany loans in respect of which the Issuer is the lender, including, as of the Issue Date, an intercompany loan made by the Issuer to Midco2 for the net proceeds of the offering of the Notes and certain other intercompany receivables. In addition, the Indenture allows the incurrence of certain additional permitted debt that is secured by the collateral. See "*Description of Notes—Certain Covenants—Liens*." To the extent that other first-priority security interests, pre-existing liens, liens permitted under the Indenture and other rights encumber the collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the security and the ability of the security agent to realize or foreclose on the security. No appraisal of the value of the collateral has been made, and the fair market value of the collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, some of the assets that comprise the collateral are illiquid and/or may have no readily ascertainable market value and its value to other parties may be less than its value to us. In addition, the value of the collateral may decrease because of obsolescence, impairment or certain casualty events. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this collateral may not be sufficient to repay the obligations under the Notes.

The collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Notes as well as the ability of the security agent to realize or foreclose on such security.

The security interests of the security agent may in the future be subject to practical problems generally associated with the realization of security interests over real or personal property. For example, the security agent may need to obtain the consent of a third party to enforce a security interest. There can be no assurance that the security agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the security agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

The security over the collateral will not be granted directly to the holders of the Notes.

The security interest in the collateral that will secure the Issuer's obligations under the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the security agent. The Indenture will provide that only the security agent has the right to enforce the security interests in the collateral. As a consequence, holders of Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing the Notes except through the Security Agent. In addition, the security interests may be enforceable only upon acceleration of the Notes. The ability of the security agent to enforce the security is subject to mandatory provisions of the laws of England and Wales, the jurisdiction in which security over the collateral is taken.

Laws relating to preference, transactions at an undervalue, misfeasance and corporate benefit may adversely affect the validity and enforceability of the pledge of security of the Notes by the Issuer.

The Issuer and all of its subsidiaries are incorporated under the laws of England and Wales and therefore any insolvency proceedings by or against an English company would likely be based on English insolvency laws. However, pursuant to the Council Regulation (EC) no. 1346/2000 on insolvency proceedings, where a company incorporated under English law has its "center of main interests" in a member state of the European Union other than England and Wales, then the main insolvency proceedings for that company may be opened in the Member State in which its center of main interest is located and be subject to the laws of that Member State. The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. Furthermore, "center of main interests" is not a static concept and may change from time to time. Although under Article 3(1) of the EUIR there is a rebuttable presumption that a company would have its "center of main interests" in the Member State in which it has its registered office, Preamble 13 of the EUIR states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The European Court of Justice has ruled that a debtor company's center of main interests must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption, that the center of the company's main interests is located in that place, is likely to be irrebuttable. Where a company's central administration is, however, not in the same place as its registered office, the presence of company assets and existence of contracts for the financial exploitation of those assets in a Member State other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the above-mentioned presumption, unless a comprehensive assessment of all relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. The factors to be taken into account include, in particular, all places in which the debtor company pursues economic activities and all those in which it holds assets, where it has its head office and where its creditors are located, insofar as they are ascertainable by third parties.

If the center of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EUIR would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EUIR, with these proceedings governed by the lex fori concursus, i.e. the local laws of the court opening such main insolvency proceeding. Insolvency proceedings opened in one Member State under the EUIR are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "center of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EUIR, the courts of another Member State (other than Denmark) have jurisdiction to open territorial or secondary proceedings only in the event that such debtor has an "establishment" (within the meaning as defined in Article 2(h) of the EUIR) in the territory of such other Member State. The effects of those secondary proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open secondary proceedings in respect of such company under the EUIR.

The EUIR has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 (the **"New EU Insolvency Regulation"**) which became effective as of June 26, 2015, and which will be applicable to insolvency proceedings opened after June 26, 2017 (subject to certain exceptions). The EUIR remains applicable to insolvency proceedings opened before that date. The New EU Insolvency Regulation, among other matters, codifies case law regarding the identification of the center of main interests. Pursuant to Article 3(1) of the New EU Insolvency Regulation, in the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in a member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other member state. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. In the event of a shift in the center of main interests, this may require informing the creditors of the new location from which the debtor is carrying out its activities in due course (e.g. by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means). Another change under the New EU Insolvency Regulation focuses on the definition of "establishment" as a prerequisite to open "territorial proceedings" (secondary proceedings). From June 26, 2017 onwards, "establishment" will mean any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. At this stage, it is not possible to conclusively determine what (if any) impact there might be in relation to the Notes.

Similarly, the UK Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e., non-European) court may have jurisdiction where any English company has a center of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

It remains to be seen what impact the recent vote by the UK to leave the EU will have on the regulatory environment in the EU and the UK and on the applicability of EU law in the UK (see "*Risk factors—Risks Relating to Our Business—The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition"*).

Administration

Assuming that the center of main interests Issuer and its subsidiaries' is in England and Wales, an administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" (see below) and that the administration order is reasonably likely to achieve the purpose of administration. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge, and different procedures apply according to the identity of the appointor.

The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than if the company went into an immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to secured or preferential creditors.

Under section 123 of the Insolvency Act a company is insolvent if it is unable to pay its debts. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due), if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), if it fails to satisfy a creditor's statutory demand for a debt exceeding £750 or if it fails to satisfy in full a judgment debt (or similar court order).

Liquidation/winding-up

The court may, upon the petition of a creditor, place a company into liquidation, and the company and its directors may resolve to place the company into liquidation, if the company it unable to pay its debts. Liquidation is a company dissolution procedure under which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act. At the end of the liquidation process the company will normally be dissolved. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected). In proceedings where the company or its directors has resolved to place the company into liquidation, the liquidator (or creditor or shareholder) can apply to the court for an order that no proceedings or other actions may be commenced or continued against the company.

Under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company which may be regarded as detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous, or because the company could have made, or could make, a better bargain. This power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities.

A liquidator has the power to bring or defend legal proceedings on behalf of the company; to carry on the business of the company as far as it is necessary for its beneficial winding up; to sell the company's property and execute documents in the name of the company; and to challenge antecedent transactions.

Challenges to Security

There are circumstances under English insolvency law in which the granting by an English company of security can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security given by such company.

The Issuer cannot assure holders of the Notes that in the event of insolvency, the pledging of security by the Issuer would not be challenged by a liquidator or administrator or that a court would support the Issuer's analysis that the security was granted in good faith for the purposes of carrying on the Issuers business and for its benefit. In general terms, in such circumstances the courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if the company had not entered into the transaction.

If a court voided any pledge of security as a result of a transaction at an undervalue or preference, or held it unenforceable for any other reason, you would cease to have any claim against the Issuer granting such pledge of security.

The following potential grounds for challenge may apply to charges:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest if such liquidator or administrator believes that the creation of such security interest constituted a transaction at an undervalue. It will only be a transaction at an undervalue if at the time of the transaction or as a result of the transaction, the English company is or becomes insolvent (as defined in the Insolvency Act of 1986). The transaction can be challenged if the English company grants the security interest within a period of two years prior to the "Onset of Insolvency," which is the date a company "enters into" relevant solvency proceedings (administration or liquidation). A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. A court, however, generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the UK Insolvency Act), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest if such liquidator or administrator believed that the creation of such security interest constituted a preference. It will only be a preference if at the time of the transaction or as a result of the transaction the English company is insolvent. The transaction can be challenged if the English company grants the security interest within a period of six months (if the beneficiary of the security is not a connected person) or two years (if the beneficiary is a connected person) prior to the Onset of Insolvency. A transaction may constitute a preference if it has the effect of putting a creditor of the English company (or a surety for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under the Notes (although there is protection for a third party who enters into a transaction in good faith and without notice). For the court to determine a preference, however, it must be shown that the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim that that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and is not therefore limited to liquidators or administrators. There is no time limit in the English insolvency law within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Limitation on enforcement

The grant of an English law governed security interest by any obligor must satisfy certain legal requirements. More specifically, such transaction must be allowed by the respective obligor's memorandum and articles of association. To the extent these do not allow such an action, there is the risk that the grant of the Collateral can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for the purposes of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote success of the relevant obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Under the Companies Act 2006, subject to limited exceptions, any security (including where not governed by English law) granted by a chargor incorporated in England and Wales (together with prescribed particulars of the security constituted thereby) must be received by the Registrar of Companies in England and Wales for registration within 21 days after the date of creation of the security constituted by the applicable security document. Such security, if not registered within the 21 day period, will be deemed to be void against a liquidator, administrator and a creditor of the applicable chargor. Further, failure to register also means that the debt which was intended to be secured is deemed to have become immediately payable.

In the event where the relevant security document is not registered, a chargor incorporated in England and Wales may be required to enter into a new security document and register that with Companies House within 21 days of its creation.

Alternatively it may be possible to apply to the English courts for an order to rectify the position and allow the charge to be registered after the 21 day period has expired. This application can be made by a chargor incorporated in England and Wales or by any person interested in the relevant security. The court will grant leave to register the security out of time if it considers it "just and expedient" to do so, and will have particular regard to whether the failure to register was merely accidental and whether a late registration will prejudice the position of creditors or shareholders. The court order will have to be enclosed with any delayed application for registration of the security.

Security created on or after October 1, 2011 by overseas companies over assets in England and Wales do not need to be registered with the Registrar of Companies (although they may still need to be registered with the applicable asset registry).

Security granted by a chargor who is incorporated in England and Wales are also subject to limitations to the extent they would result in unlawful financial assistance within the meaning of the Companies Act 2006.

Currency of debt

In addition, under English insolvency law any debt payable in a currency other than pounds sterling must be converted into pounds sterling at the "official exchange rate" prevailing at the date when the debtor went into liquidation or administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle exchange rate on the London Foreign Exchange Markets as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that the Issuer goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that the Issuer went into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled.

Schemes of arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities where such company (i) is liable to be wound-up under the Insolvency Act and (ii) has "sufficient connection" to the English jurisdiction.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on a detailed debt compromise. Such compromise can be proposed by the company or its creditors. If 75% by number and 50% by value of those creditors present and voting at the creditor meeting(s) vote in favor of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement.

The liens over the collateral securing the Notes could be released in certain circumstances without the consent of the holders of the Notes.

The Indenture provides that the security agent is authorized to release the liens over the collateral:

- where such disposal is permitted under the Indenture; and
- in connection with the enforcement of the collateral.

See "*Description of Notes—Security—Release*."

English insolvency laws may not be as favorable to you as U.S. and other insolvency laws.

The Issuer and all of its subsidiaries are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to the Issuer would be likely to proceed under, and be governed by, English insolvency law. English insolvency law may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar.

The Notes will be issued with original issue discount for U.S. federal income tax purposes.

Because interest on the Notes is payable at the option of the Issuer as PIK Interest if certain conditions are met, no stated interest on the Notes will be treated as qualified stated interest for U.S. federal income tax purposes. As a result, the Notes will be considered to be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. There will be additional OID to the extent that the issue price of the Notes is less than their stated principal amount. Holders subject to U.S. federal income taxation generally will be required to include this OID in gross income (as ordinary income) as it accrues on a constant yield basis, in advance of the receipt of cash payments to which such income is attributable and regardless of a holder's method of accounting for U.S. federal income tax purposes. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations.*"

The Issuer and its subsidiaries may become subject to the Investment Company Act.

Finance businesses are potentially subject to registration and regulation as "investment companies" under the U.S. Investment Company Act of 1940. This is in part because loans on the books of such a business may be deemed to be "investment securities," which, in turn, can characterize the business as an investment company. Operation of a business that is required to be registered as an "investment company" under the U.S. Investment Company Act of 1940, but is not so registered, presents a variety of risks including the potential for regulatory fines, actions that could be taken to dissolve the business, disqualification of contracts, and the like. The Issuer does not believe that any of the Issuer or its subsidiaries is required to be so registered. If that were to change, material modifications to the business of the Issuer and its subsidiaries would be needed either to come into compliance with the applicable regulations or to seek to avoid registration.

You may be unable to serve process on the Issuer and its directors and officers in the United States and enforce U.S. judgments based on the Notes.

The Issuer is a public limited company incorporated under the laws of England and Wales. All the directors and executive officers of the Issuer live outside the United States. All the assets of the directors and executive officers of the Issuer are located outside the United States. As a result, it may not be possible for you to serve process on such persons or, the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the securities laws of the United States.

The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy;
- the U.S. judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;
- there not having been a prior inconsistent decision of an English court between the same parties; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Only subject to the foregoing may investors be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Notwithstanding, there can be no assurance that those judgments will be recognized or enforceable in England. In addition, there can be no assurance whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

An active trading market may not develop for the Notes.

Although the Issuer will make an application to list the Notes on the Official List of the Irish Stock Exchange, there can be no assurance that the Notes will become or will remain listed. In addition, there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. Although no assurance is made as to the liquidity of the Notes as a result of the listing on the Official List of the Irish Stock Exchange, failure to be approved for listing or the delisting of the Notes, as applicable, from the Official List of the Irish Stock Exchange may have a material effect on a holder’s ability to resell the Notes in the secondary market. Any market for the Notes will likely be subject to similar disruptions.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the financial condition, performance and prospects of the Issuer and its subsidiaries, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. There can be no assurance that if a market for the Notes were to develop, such a market would not be subject to similar disruptions. The Issuer has been informed by the initial purchasers that they intend to make a market for the Notes. Nevertheless, the initial purchasers are not obligated to do so and may cease their market making activity at any time without notice. In addition, such market making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

The transferability of the Notes may be limited under applicable securities laws.

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. See "*Notice to Investors*." It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of any Notes. After payment to the common depositary, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "*Book-Entry, Delivery and Form*."

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. There can be no assurance that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

Investors in the Notes may have limited recourse against the independent auditors.

See "*Independent Auditor*" for a description of the reports of the independent auditor of Jerrold Holdings, Deloitte LLP, on the consolidated financial statements of Jerrold Holdings. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditor's reports state that: they were made solely to the members of Jerrold Holdings as a body in accordance with Chapter 3 of Part 16 of the Companies Act of 2006; the independent auditor's work was undertaken so that the independent auditor might state to the members of Jerrold Holdings those matters that were required to be stated to them in an auditor's report and for no other purpose; and, to the fullest extent permitted by law, the independent auditor does not accept or assume responsibility to anyone other than Jerrold Holdings and its members as a body for its audit work or the opinions it has formed. The independent auditor's reports for the years ended June 30, 2014, 2015 and 2016 were unqualified. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2014, 2015 and 2016 are included on pages F-62, F-38, and F-3, respectively, of this offering memorandum.

Investors in the Notes should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (such as the purchasers of the Notes) other than to the Issuer and its members as a body with respect to the reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

Use of Proceeds

The gross proceeds from the offering of the Notes will be £220.0 million. The Issuer intends to use the proceeds from the offering of the Notes (i) to finance, in part, the purchase of equity interests in the Company held by the Funds, (ii) to repurchase 30,000 D Shares held by certain members of the Company's management pursuant to the Management Incentive Plan, (iii) to lend £25.1 million in principal amount to the Company to allow the Company to repay certain shareholder indebtedness, to make certain payments pursuant to the Staff Incentive Plan of the Company and to pay certain expenses of the Company in connection with the Transactions and (iv) to pay certain expenses in connection with the Transactions, including the offering of the Notes. See "*Summary—The Transaction*."

The following table sets forth the Issuer's expected sources and uses of funds from the offering of the Notes. Actual amounts may vary from expected amounts depending on several factors, including differences between estimated and actual fees and expenses.

Sources of funds	Amount (£ in millions)	Uses of funds	Amount (£ in millions)
Gross proceeds from the offering of the Notes	220.0	Acquisition of the Funds' stake in the Company	274.5
Vendor Notes	100.0	Existing Subordinated Shareholder Loan Notes Repayment	17.0
		Partial realization of the Management Incentive Plan/full realization of the Staff Incentive Plan(1)	18.0
		Fees and expenses(2)	10.5
Total Sources	**320.0**	**Total Uses**	**320.0**

(1) Certain members of the Company's management and the EB Trust own 100,000 D Shares of the Company pursuant to the Management Incentive Plan. In connection with the Transactions, the Issuer will on-lend to Midco2 certain amounts to repurchase 30,000 "D shares" of the Company from certain members of the Company's management pursuant to the Management Incentive Plan. In addition, in connection with the Transactions, the Issuer will on-lend to the Company certain amounts to make payments related to the Staff Incentive Plan. See "*Management—Management Incentive Plan,*" "*Management—Staff Incentive Plan*" and "*Shareholders*."

(2) Represents estimated fees and transaction costs associated with the Transactions, including commitment, placement, financial advisory, professional and initial purchasers' fees, stamp duty and other transaction costs.

Capitalization

The following table sets forth the consolidated available cash and capitalization of: (i) Jerrold Holdings as of June 30, 2016 on a historical consolidated basis; and (ii) the Issuer, on an adjusted basis to give *pro forma* effect to the Refinancing and the Transactions as if they had occurred on July 1, 2016.

The historical information has been derived from the financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 included elsewhere in this offering memorandum. The as adjusted information below is presented for illustrative purposes only and does not purport to be indicative of the Issuer's cash and cash equivalents or the Issuer's capitalization following the completion of the Refinancing and the Transactions. You should read the following table in conjunction with "*Presentation of Financial and Other Information—The Issuer*," "*Summary—The Transactions*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and our consolidated financial statements and the notes thereto. Except as set forth below, there have been no other material changes in the Issuer's capitalization since June 30, 2016.

	As of June 30, 2016		
	Company Actual	**Adjustments**	**Issuer As adjusted**
		(£ in millions)	
Cash at bank and in hand(1)	0.5	24.4	24.9
Cash held by the Conduit Securitizations(2)	76.0	—	76.0
Total cash	76.5	24.4	100.9
Debt, including current portion:			
CABS Securitization(3)	760.0	—	760.0
LABS Securitization(4)	200.0	—	200.0
Revolving Credit Facility(5)	29.0	(29.0)	0.0
Original Senior Secured Notes(6)	300.0	(300.0)	—
Senior Secured Notes(7)	—	375.0	375.0
Notes offered hereby(8)	—	220.0	220.0
Total debt	1,289.0	266.0	1,555.0
Existing Subordinated Shareholder Notes(9)	60.0	(60.0)	—
Subordinated Shareholder Funding(10)	—	143.0	143.0
Total shareholders' equity	514.9	(296.6)(11)	218.3(12)
Total shareholder funds	574.9	(213.6)	361.3(13)
Total capitalization	1,863.9	52.4	1,916.3

(1) As of August 31, 2016, we had approximately £9.7 million cash at bank and in hand. Cash held at bank and in hand as adjusted reflects cash at bank and in hand for general corporate purposes giving *pro forma* effect to the Refinancing and the Transactions.

(2) As of June 30, 2016, we had £26.7 million restricted cash and £49.3 million unrestricted cash held by Charles Street ABS and Lakeside ABS.

(3) Total notes outstanding under the variable funding note issuance facility under the CABS Securitization as of June 30, 2016 was £760.0 million. The balance of the CABS Securitization reflected on our consolidated statement of financial position as of June 30, 2016 was £699.9 million, which is net of cash at bank of £47.8 million held by Charles Street ABS and unamortized debt issuance costs of £12.2 million. See "*Description of Certain Financing Arrangements—Conduit Securitizations*." The amount excludes a further £30.0 million of variable funding notes drawn under the CABS Securitization after June 30, 2016 used to underwrite new loans and for general corporate purposes.

(4) Total notes outstanding under the variable funding note issuance facility under the LABS Securitization as of June 30, 2016 was £200.0 million. The balance of the LABS Securitization reflected on our consolidated statement of financial position as of June 30, 2016 was £169.8 million, which is net of cash at bank of £28.1 million held by Lakeside ABS and unamortized debt issuance costs of £2.0 million. See "*Description of Certain Financing Arrangements—Conduit Securitizations*."

(5) Represents the gross outstanding balance on the Revolving Credit Facility, without giving effect to unamortized debt issuance costs of £0.3 million as included on our consolidated statement of financial position as of June 30, 2016. Part of the proceeds of the Refinancing were used to repay the amounts drawn and outstanding under the Revolving Credit Facility. See "*Summary—The Refinancing*." Following the repayment, the total commitments available under the Revolving Credit Facility are £29.0 million, of which £nil is drawn and outstanding.

(6) Represents the gross outstanding balance of the Original Senior Secured Notes without giving effect to the £4.4 million unamortized issue premium and unamortized debt issuance costs of £4.0 million as included on our consolidated statement of financial position as of June 30, 2016. Debt issuance costs are capitalized until the refinancing of the Original Senior Secured Notes. On October 13, 2016, we satisfied and discharged the Original Senior Secured Notes Indenture with part of the proceeds of the Senior Secured Notes. See *"Summary—The Refinancing."*

(7) Represents the principal aggregate amount of Senior Secured Notes issued as part of the Refinancing on October 13, 2016, without giving effect to the debt issuance costs of approximately £4.3 million which we expect to amortize over the life of the Senior Secured Notes.
(8) Represents the principal amount of the Notes without giving effect to any debt issuance costs expected to be approximately £6.4 million, which the Issuer would expect to amortize over the life of the Notes. See "*Use of Proceeds.*"
(9) On or about the Issue Date, £60.0 million aggregate principal amount of Existing Subordinated Shareholder Loan Notes will be (i) novated in the aggregate amount of £43.0 million through the Shareholder Loan Notes Novation Intercompany Loans and (ii) repaid in the aggregate principal amount of £17.0 million.
(10) Represents the Issuer Roll-Up Notes and the Topco Shareholder Loan Notes Novation Intercompany Loan, each of which constitutes "Deeply-Subordinated Shareholder Indebtedness." See "*Description of Notes—Certain Definitions*" and "*Description of Certain Financing Arrangements—Subordinated Shareholder Funding*."
(11) Reflects the incurrence of the Subordinated Shareholder Funding and the Notes less the Existing Subordinated Shareholder Notes and adjusted to reflect an estimated £6.4 million of debt issuance costs in relation to the Transactions which are expected to be capitalized and amortized over the life of the Notes.
(12) Total shareholders' equity as adjusted does not reflect an increase in total shareholders' equity as a result of retained reserves since June 30, 2016 and excludes accrued interest and redemption costs related to the Original Senior Secured Notes.
(13) Total shareholders' funds as adjusted does not reflect an increase in total shareholders' funds as a result of retained reserves since June 30, 2016 and excludes accrued interest and redemption costs on the Original Senior Secured Notes.

Selected Historical Financial Information

The summary financial data presented below (i) as of and for the years ended June 30, 2015 and 2016 have been derived from the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2016 and 2015, which were prepared in accordance with IFRS and are included elsewhere in this offering memorandum, and (ii) as of and for the years ended June 30, 2014 and 2015 have been derived from the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2014 and 2015, which in each case were prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

This offering memorandum includes audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 in accordance with IFRS. The audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 include audited comparative financial information as of and for the year ended June 30, 2015. From July 1, 2015, we have prepared our audited consolidated financial statements in accordance with IFRS. Accordingly, our consolidated financial statements as of and for the years ended June 30, 2015 and 2016, in accordance with IFRS, may not be comparable to our audited financial statements for 2015 and prior years, in accordance with UK GAAP. Our consolidated financial statements as of and for the year ended June 30, 2016 contains an analysis of the main adjustments and reclassifications made by us in order to restate in accordance with IFRS our financial information previously reported, pursuant to UK GAAP, as of and for the year ended June 30, 2015. For an analysis of the main adjustments and reclassifications, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability*" and Note 32 to the audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016.

	As of and for the year ended June 30,	
	2015	2016
	(IFRS) (£ in thousands, except percentages and ratios)	
Statement of comprehensive income:		
***Continuing operations*:**		
Interest receivable and similar income	164,401	210,837
Interest payable and similar charges	(52,289)	(67,547)
Net interest income	112,112	143,290
Fees and commission income	4,048	4,219
Fees and commission expense	(1,378)	(1,680)
Other income	552	138
Other gains/(losses)	(504)	—
Operating Income	114,830	145,967
Administrative expenses	(31,732)	(40,493)
Depreciation and amortization	(957)	(1,379)
Operating profit	82,141	104,095
Impairment losses	(7,499)	(13,766)
Profit before negative goodwill	74,642	90,329
Negative goodwill	122	—
Profit before taxation	74,764	90,329
Income tax	(16,017)	(18,561)
Profit on ordinary activities after taxation	58,747	71,768

	As of and for the year ended June 30, 2015	As of and for the year ended June 30, 2016
	(IFRS)	
Statement of financial position:		
***Non-current assets*:**		
Property, plant and equipment	4,205	4,529
Intangible assets	1,025	3,229
Investment property	45	45
Investments	123	123
Deferred tax asset	3,515	6,109
Total non-current assets	8,913	14,035
***Current assets*:**		
Inventories	840	840
Loans and advances to customers	1,423,523	1,800,673
Trade and other receivables	2,357	2,312
Cash at bank and in hand	2,772	546
Total current assets	1,429,492	1,804,371
Total assets	1,438,405	1,818,406
***Current liabilities*:**		
Trade and other payables	(30,987)	(31,806)
Current tax liabilities	(7,866)	(12,277)
Borrowings	(158)	(195)
	(39,011)	(44,278)
Net current assets	1,390,481	1,760,093
***Non-current liabilities*:**		
Borrowings	(957,405)	(1,259,201)
Total liabilities	(996,416)	(1,303,479)
Net assets	441,989	514,927
Equity attributable to owners of the Company	441,989	514,927
Non-controlling Interests	—	—
Total Equity	441,989	514,927
Cash flow statement:		
Net cash outflow from operating activities	(300,449)	(302,572)
Net cash outflow from investing activities	(1,775)	(3,921)
Net cash inflow from financing activities	298,147	304,267

	As of and for the year ended June 30, 2014	As of and for the year ended June 30, 2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
Profit and loss account data:		
Turnover	129,734	165,501
Cost of sales	(5,779)	(11,519)
Gross profit	123,955	153,982
Administrative expenses	(26,800)	(31,837)
Other operating income	—	122
Operating profit	97,155	122,267
Gain(/loss) on sale of investment properties	(24)	37
Interest payable and similar charges	(45,216)	(52,216)
Interest receivable and similar income	115	53
Profit on ordinary activities before taxation	52,030	70,141
Tax on profit on ordinary activities	(11,379)	(15,078)
Profit on ordinary activities after taxation	40,651	55,063
Minority interests	(7)	—
Retained profit for the financial year	40,644	55,063

	As of and for the year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in thousands, except percentages and ratios)	
Balance sheet data:		
Fixed assets	4,575	5,287
Debtors: due within one year	364,900	581,335
Debtors: due after one year	713,751	862,782
Cash at bank and in hand	6,849	2,772
Creditors: amounts falling due within one year	(30,514)	(39,012)
Creditors: amounts falling due after more than one year	(659,241)	(957,489)
Shareholders' funds	401,559	456,624
Cash flow data:		
Net cash (outflow) / inflow from operating activities	(3,663)	(238,574)
Returns on investments and servicing of finance	(45,583)	(49,307)
Taxation	(10,213)	(12,530)
Capital expenditure and financial investment	(556)	(1,505)
Financing and the management of liquid resources	54,272	297,839
Increase/(decrease) in cash in the year	(5,743)	(4,077)

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of the results of operations and financial condition of Jerrold Holdings as of and for the years ended June 30, 2014 and 2015 based on the audited consolidated financial statements of Jerrold Holdings and its consolidated subsidiaries, in each case prepared in accordance with UK GAAP and included elsewhere in this offering memorandum, and as of and for the year ended June 30, 2015, based on the unaudited consolidated financial statements and for the year ended June 30, 2016 based on the audited consolidated financial statements of Jerrold Holdings and its consolidated subsidiaries, in each case prepared in accordance with IFRS included elsewhere in this offering memorandum.

This offering memorandum includes audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 in accordance with IFRS. The audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 include audited comparative financial information as of and for the year ended June 30, 2015. From July 1, 2015, we have prepared our audited consolidated financial statements in accordance with IFRS. Accordingly, our consolidated financial statements as of and for the years ended June 30, 2015 and 2016 may not be comparable to our audited consolidated financial statements for 2015 and prior years, prepared in accordance with UK GAAP. Our consolidated financial statements as of and for the year ended June 30, 2016 contains an analysis of the main adjustments and reclassifications made by us in order to restate in accordance with IFRS our financial information previously reported, pursuant to UK GAAP, as of and for the year ended June 30, 2015. For an analysis of the main adjustments and reclassifications, see "—Factors Affecting Comparability" and Note 32 to the audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto included in this offering memorandum. The following discussion contains certain forward-looking statements that reflect our plans, estimates and beliefs. Our results of operations could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, including the section entitled "Risk Factors."

Overview

We are a specialist UK mortgage loan provider, established in 1974, and have successfully operated throughout our 42 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 81% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialize in offering individually underwritten loans (using a non-automated decision model) supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms and auction houses and through our direct sales team. We underwrite and service all our loans internally providing efficient automated processing while retaining manual underwriting of the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2016, we had interest receivable and similar income of £210.8 million and EBITDA of £159.3 million. In the year ended June 30, 2016, we advanced £1,011.5 million of new lending. As of June 30, 2016, we had shareholder funds, including subordinated debt, of £574.9 million. As of June 30, 2016, our total loan assets were £1,800.7 million, with an average loan value of approximately £62,700. See "*Loan Analysis*."

As of June 30, 2016, 33.8% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the FCA as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes CBTL written after this date. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 50.3% of our development loans were underwritten prior to 2010 which we continue to support, and 49.7% were underwritten from 2010 onwards. As of June 30, 2016, 99.7% of our retail purpose loans, 69.6% of our commercial purpose loans and 93.3% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit, affordability and repayment assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms ("affordability"), the repayment strategy where the loan will not be repaid from installments and security being the adequacy of the property which will serve as security for the loan. To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program and comprehensive quality assurance sampling procedures. This is supported by a formal corporate governance structure, which includes conducting internal and compliance audits as well as a formal committee structure to agree on policy decisions and monitor credit quality. Additionally, external loan asset audits have been conducted annually, pursuant to the terms of certain of our financing arrangements.

As of June 30, 2016, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the year ended June 30, 2016, with the LTVs of our loan portfolio on a weighted average indexed basis as of and for the year ended June 30, 2016 at 52.6%, and the LTV on a weighted average basis of new loans underwritten by us for the year ended June 30, 2016 at 57.1%. We have historically lent at low LTVs compared to other lenders, including in the period leading up to the 2007 financial crisis during which many other lenders extended loans with LTVs in excess of 95%. As of June 30, 2016, 93.1% of our total loan portfolio and 87.9% of the Borrower Group loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of our group has provided us with significant protection in times of falling property prices and economic downturns, thereby minimizing our levels of provisions and losses. For each of the two years ended June 30, 2014, and 2015 pursuant to UK GAAP, bad and doubtful debts provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £1.2 million and £(0.9) million, respectively, representing only 0.1% and (0.1)%, respectively, of our total loan assets. For the years ended June 30, 2015 and 2016, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million and £13.8 million, respectively, representing only 0.5% and 0.8% respectively, of our total loan assets for at the end of each period. With respect to loans originated between the year ended July 1, 2009 and the year ended June 30, 2015 and subsequently repossessed in the year ended June 30, 2016, management estimates that average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group to be 100.0%.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings to total loan assets was 67.3% as of and for the year ended June 30, 2016. The ratio of net senior secured borrowings to value of total underlying security, which is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets, was 35.4% as of and for the year ended June 30, 2016.

Retail Purpose Lending

As of and for the year ended June 30, 2016, retail purpose loans comprised 33.8% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 48.5% and a weighted average nominal rate of 10.2%, substantially all of which were secured by residential property and the remainder of which were secured by mixed use property. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes. First lien and second lien loans represented 19.3% and 80.7% of our retail purpose loans, respectively, calculated by value as of and for the year ended June 30, 2016. We offer retail purpose loans under the "Together" brand through our subsidiary, CMCL, which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until recently, we also offered second lien mortgages through our subsidiary, BFL. BFL will continue managing its existing loan portfolio, while all new loans since March 21, 2016 are underwritten by CMCL. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to new, current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland. Based on OC&C data, as of June 30, 2015, we had estimated market shares of less than 1% and 16% of our addressable target markets for first lien and second lien retail purpose lending in the United Kingdom, respectively, but a much smaller share of the wider first lien retail purpose lending market.

Commercial Purpose Lending

As of and for the year ended June 30, 2016, commercial purpose loans comprised 62.0% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 52.9% and a weighted average nominal rate of 11.8%, 50.4% of which are short-term commercial purpose loans and 49.6% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans, defined as having original maturities of up to 24 months, are secured by property, of which 65.1% is residential and 34.9% is commercial and semi-commercial property. Our medium and long-term commercial purpose loans, defined as having original maturities greater than 24 months, are secured by property, of which 74.2% is residential and 25.8% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as BTL+, which includes our buy-to-let lending activity (excluding CBTL), as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both more than 50% of loan proceeds are for business purposes and where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as Commercial Security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 86.8% and 13.2% of our short-term commercial purpose loans, respectively, and 70.6% and 29.4% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2016. We offer commercial purpose loans under the "Together" brand through our subsidiaries LMCL and AFL. Until recently, we also offered commercial purposes loans through our subsidiaries, BDFL, HARPL and BFL. We have decided to consolidate the distribution of commercial purpose loans into LMCL and we expect this process to complete by the end of 2016. Each of these entities will continue to manage their respective existing loan portfolios.

We distribute approximately 50%, of our short-term commercial purpose loans through direct channels which consist of, among others, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. We distribute approximately 50% of our short-term commercial purpose loans through our broker network. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of and for the year ended June 30, 2016, development loans comprised 4.2% of our loan portfolio, a decrease in comparison with 5.2% as of June 30, 2015. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 50.3% were originated prior to 2010 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since 2010 and subsequently redeemed had a weighted average elapsed term of 13.2 months. For the year ended June 30, 2016, we extended £8.8 million in further advances on loans originated prior to June 30, 2015 (of which £0.7 million related to loans originated prior to 2010) and have underwritten £36.9 million in new development loans comprised of £18.6 million of initial advances and £18.3 million of further advances. As of June 30, 2016, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. For the year ended June 30, 2016 we recorded allowances for impairment on development loans of £17.6 million, which, pursuant to IFRS, incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, the Original Senior Secured Notes (redeemed with the proceeds of the Refinancing) and the Conduit Securitizations. As of June 30, 2016, our shareholders' funds were £ 574.9 million, including £60.0 million intercompany loans from our parent companies. As of June 30, 2016, the Issuer's shareholders' funds, as adjusted to give effect to the Refinancing and the Transactions, were £361.3 million, including £143.0 million outstanding of intercompany loans from the parent companies of the Issuer. As of June 30, 2016, the total commitments available under the CABS Securitization and the LABS Securitization were £1,000.0 million (£760.0 million outstanding) and £255.0 million (£200.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £29.0 million (£nil million drawn and outstanding after the Refinancing).

Pursuant to each of the Conduit Securitizations, Originators sell on a random basis, subject to meeting certain eligibility criteria of each Conduit Securitization, certain of our qualifying mortgage loans to Charles Street ABS and Lakeside ABS, respectively, each a bankruptcy-remote special purpose vehicle established for purposes of the Conduit Securitizations. Each of Charles Street ABS and Lakeside ABS finance these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the respective Conduit Securitizations or an affiliate the banks parties, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators.

The assets of both Charles Street ABS and Lakeside ABS are included within our consolidated accounts. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS) and commercial purpose loans (with respect to both Charles Street ABS and Lakeside ABS) eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria, and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to either Conduit Securitization. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the assets, approximately 90% have been eligible at origination for sale to Charles Street ABS and since August 2015, due to the nature of the loans, approximately 30% of loans underwritten by us have been eligible for sale to Lakeside ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS or Lakeside ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Principal losses recognized on loans repurchased from the CABS Securitization was on average approximately £0.1 million per year between January 1, 2012 and June 30, 2016. Principal losses recognized on loans repurchased from the LABS Securitization has been £nil since its inception in August 2015 until June 30, 2016.

Surplus income of each of the Conduit Securitizations, after paying interest and fees in connection with the applicable Conduit Securitization, but including interest paid to the Originators on the subordinated subscription notes, is paid to the Originators on a monthly basis, except during a default or full amortization period. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.0 million per month between July 1, 2015 and June 30, 2016 (or £84.1 million for the year ended June 30, 2016). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.2 million per month between August 13, 2015 and June 30, 2016 (or £23.8 million for period from August 13, 2015 to June 30, 2016).

As of June 30, 2016, Charles Street ABS held total loan assets with a principal balance of £952.2 million, had cash of £47.8 million and had net creditors of £6.6 million. As of June 30, 2016, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £760.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £233.4 million.

As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million, had cash of £28.1 million and had net creditors of £1.9 million. As of June 30, 2016, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £200.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £68.3 million.

As of June 30, 2014, 2015 and 2016, Charles Street ABS held total loan assets with a principal balance of £527.0 million, £805.9 million and £952.2 million, respectively. As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million. For additional information in respect of the Conduit Securitizations, see "*Description of Certain Financing Arrangements—Conduit Securitizations*." The Borrower Group's total loan assets, as of June 30, 2014 and 2015, pursuant to UK GAAP, were £549.2 million and £635.8 million, respectively, net of suspended income and provisions for bad and doubtful debts. The Borrower Group's total loan assets, as of June 30, 2015 and 2016, pursuant to IFRS, were £617.7 million and £606.4 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £377.8 million, £519.6 million and £833.0 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £122.1 million, £153.0 million and £191.9 million of interest and fees, respectively, and £255.7 million, £366.6 million and £641.1 million of principal receipts, respectively. Cash receipts expressed as a percentage of total average loan assets, pursuant to UK GAAP, increased from 36.8% in the year ended June 30, 2014 to 41.3% in the year ended June 30, 2015, pursuant to IFRS, increased from 42.0% in the year ended June 30, 2015 to 51.7% in the year ended June 30, 2016, in part reflecting the fall in the group's arrears levels and also the growth in our short-term commercial purpose lending activity.

The Borrower Group generated £231.1 million, £286.8 million, and £425.2 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £51.4 million, £61.5 million and £52.0 million of interest and fees, respectively, £127.0 million, £155.3 million and £268.7 million of principal receipts, respectively, and £52.8 million, £70.0 million and £104.6 million surplus income from the Conduit Securitizations, respectively. Cash receipts expressed as a percentage of total average loan assets of the Borrower Group, pursuant to UK GAAP, increased from 44.9% in the year ended June 30, 2014 to 48.4% in the year ended June 30, 2015 and, pursuant to IFRS, increased from 50.1% in the year ended June 30, 2015 to 69.5% in the year ended June 30, 2016 in part reflecting the fall in the group's arrears levels and also reflecting the growth in our short-term commercial purpose activity and an increase in surplus income from the Conduit Securitizations as such facilities have increased in size. See "*Summary—Our sources of Funding*."

The group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £338.1 million, £467.4 million and £771.8 million, respectively.

The Borrower Group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £191.4 million, £234.6 million and £364.0 million, respectively.

The group paid interest costs of £32.7 million, £43.6 million and £61.7 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. The fees for the for the year ended June 30, 2016 included fees related to the introduction of the £255.0 million LABS Securitization, the upsizing and extension of the £1,000.0 million CABS Securitization and the renewal of the £29.0 million Revolving Credit Facility.

The Borrower Group paid interest costs of £15.8 million, £24.7 million and £32.3 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. See "*Summary—Our Sources of Funding*" and *"—Supplemental Cash Flow Information*."

Loan Analysis

Our total loan assets as of June 30, 2014 and 2015 pursuant to UK GAAP, were £1,076.2 million and £1,441.6 million, net of suspended income and provisions for bad and doubtful debts, respectively, which represents an increase of 34.0% in our total loan assets from June 30, 2014 to June 30, 2015. Our total loan assets as of June 30, 2015 and as of June 30, 2016 pursuant to IFRS, totaled £1,423.5 million and £1,800.7 million, respectively, net of allowances for impairment which represents an increase of 26.5%% in our total loan assets from June 30, 2015 to June 30, 2016. These increases were mainly due to new business levels being increased as supported by the issuance of the Original Senior Secured Notes in September 2013 and April 2015, upsizing in the CABS Securitization in November 2014 and March 2016 and entering into the LABS Securitization in August 2015. The Borrower Group's total loan assets, which does not include mortgage loan principal balances attributable to Charles Street ABS and Lakeside ABS pursuant to the Conduit Securitizations, as of June 30, 2014 and 2015 pursuant to UK GAAP, were £549.2 million and £635.8 million, respectively, net of suspended income and provisions for bad and doubtful debts, which represents an increase of 15.8% in our total loan assets of the Borrower Group from June 30, 2014 to June 30, 2015. The increase in the Borrower Group's total loan assets between June 30, 2014 and June 30, 2015 was due to the increased funding made available by the issuance of additional Original Senior Secured Notes in April 2015 and upsizing in the CABS Securitization in November 2014. Our total loan assets of the Borrower Group as of June 30, 2015 and as of June 30, 2016 totaled £617.7 million and £606.4 million, respectively, net of allowances for impairment, which represents a decrease of 1.8% from June 30, 2015 to June 30, 2016 pursuant to IFRS. The decrease in the Borrower Group's total loan assets between June 30, 2015 and June 30, 2016 was mainly due to increased sales of loans to Charles Street ABS and Lakeside ABS as such facilities were upsized.

With respect to the loan analysis included herein, the loan portfolio data as of June 30, 2014 and 2015 pursuant to UK GAAP has been restated to be net of provisions for bad and doubtful debts in order to ensure comparability with the loan portfolio data as of June 30, 2016 pursuant to IFRS.

The table below provides an analysis of our total loan portfolio and our loan portfolio by class (performing loans, non-performing arrears loans, repossessions and LPA sales loans and development loans), pursuant to IFRS, as of June 30, 2016.

	As of June 30, 2016				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio	1,803.9	1,629.8	72.3	25.8	76.0
Number of loans	28,781	25,898	2,286	386	211
Average loan size (£)	62,678	62,931	31,646	66,869	360,228
Weighted average indexed LTV (%)(1)	52.6%	50.8%	57.9%	71.9%	80.4%
Total allowances for impairments	35.8	4.0	5.4	8.8	17.6
Exposure to negative equity	24.7	2.2	2.4	7.9	12.2
Repayment type					
Capital repayment loans	719.3	678.2	36.8	4.3	—
Bridging loans	652.5	536.3	21.6	18.6	76.0
Interest only retail purpose	112.3	106.8	5.3	0.2	—
Interest only commercial purpose	319.8	308.5	8.7	2.7	—
Security					
Residential	1,457.0	1,306.7	58.9	20.4	70.9
Commercial	347.0	323.0	13.4	5.4	5.1
Purpose					
Retail	609.2	575.2	32.8	1.3	—
Commercial	1,194.8	1,054.6	39.6	24.6	76.0
Lien					
First	1,057.4	939.8	39.1	19.6	58.8
Second	746.5	689.9	33.2	6.2	17.2
Origination					
2016	457.2	445.4	—	0.2	11.7
2015	549.7	518.6	7.7	5.7	17.7
2014	229.7	214.1	8.4	3.0	4.2
2013	69.6	64.1	3.5	1.3	0.7
2012	41.8	38.7	2.5	0.1	0.4
2011	46.6	41.6	2.1	1.5	1.4
2010	35.1	31.2	1.7	0.6	1.7
2009	42.3	38.9	2.5	0.6	0.4
2008	74.4	55.7	8.4	3.5	6.8
2007	128.3	104.9	15.0	5.9	2.4
2006	72.4	46.1	10.6	2.2	13.5
Pre 2006	56.8	30.5	9.9	1.1	15.2

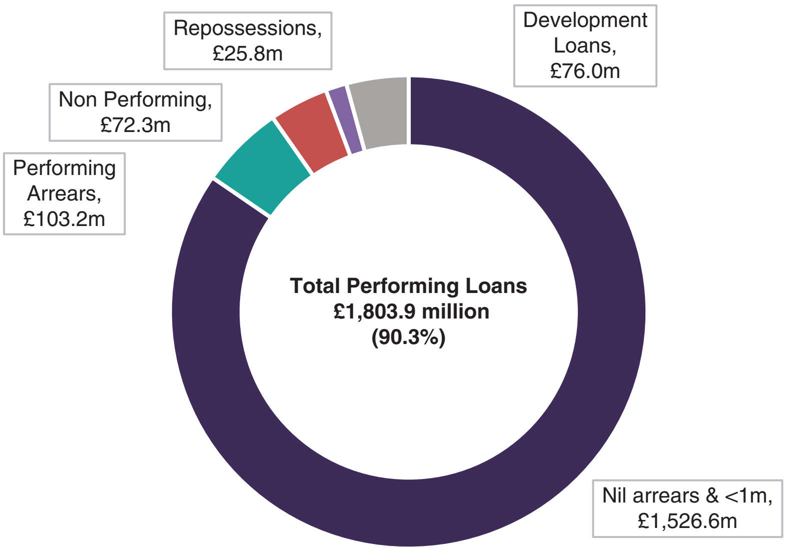
(1) For a discussion of how we calculate weighted averaged indexed LTV, see "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis*."

The table below sets forth our loan portfolio by loan size, number of loans and value, pursuant to IFRS, as of June 30, 2016.

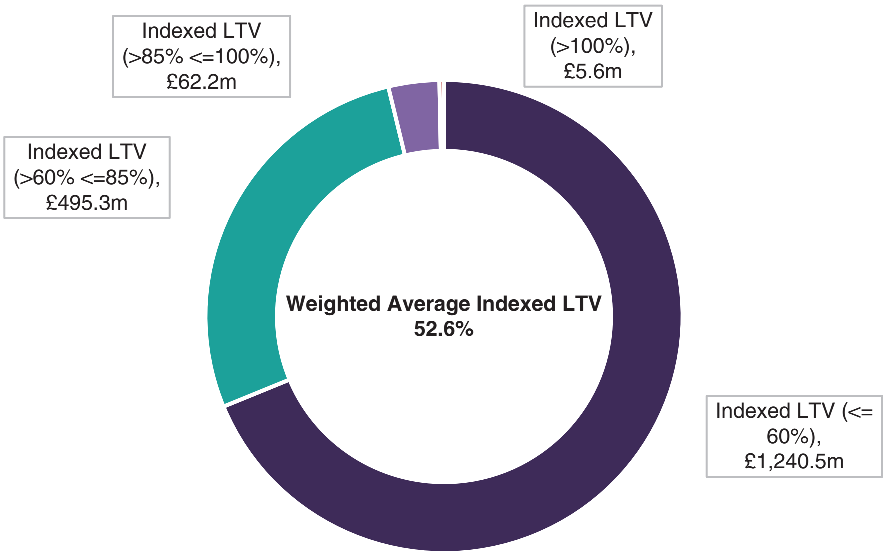
(IFRS) Loan size	Number of loans	Value £m
Above £5 million	6	36.2
£2.5 million to £5 million	30	105.1
£1 million to £2.5 million	133	205.9
£0.5 million to £1 million	216	146.0
£0.25 million to £0.5 million	621	213.0
£0.1 million to £0.25 million	2,294	337.0
£50 thousand to £100 thousand	4,793	326.0
Below £50 thousand	20,688	434.8
Total	28,781	1,803.9

The charts below show our loan portfolio by value by asset class and indexed LTV band as of June 30, 2016, pursuant to IFRS.

Asset Classes



Indexed LTV Bands



Performing Loans

Performing loans as of June 30, 2016 pursuant to IFRS consisted of: (i) loans with £nil arrears or arrears less than or equal to one month's contractual installment or where no contractual monthly installment is due totaling £1,526.6 million, or 84.6% of our loan portfolio, and (ii) "performing arrears loans," being loans with arrears greater than one month's but less than or equal to three months' contractual installments or where cash receipts collected in the prior three months are equal to or greater than 90% of the contractual installments due, totaling £103.2 million, or 5.7% of our total loan portfolio.

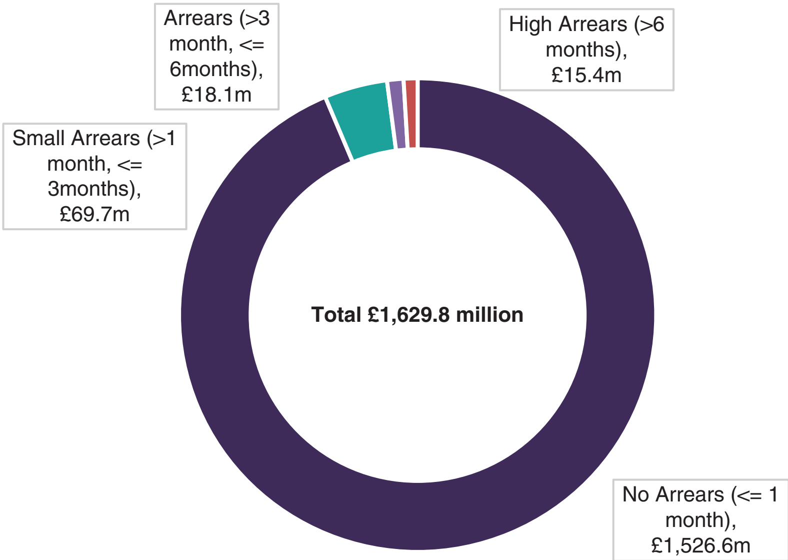
As of June 30, 2016, performing loans pursuant to IFRS totaled £1,629.8 million, or 90.3% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 2.7% as of June 30, 2016 compared to as of June 30, 2015, pursuant to UK GAAP.

As of June 30, 2015, performing loans pursuant to UK GAAP totaled £1,261.2 million, or 87.7% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 4.2% in the year ended June 30, 2015 compared to the year ended June 30, 2014.

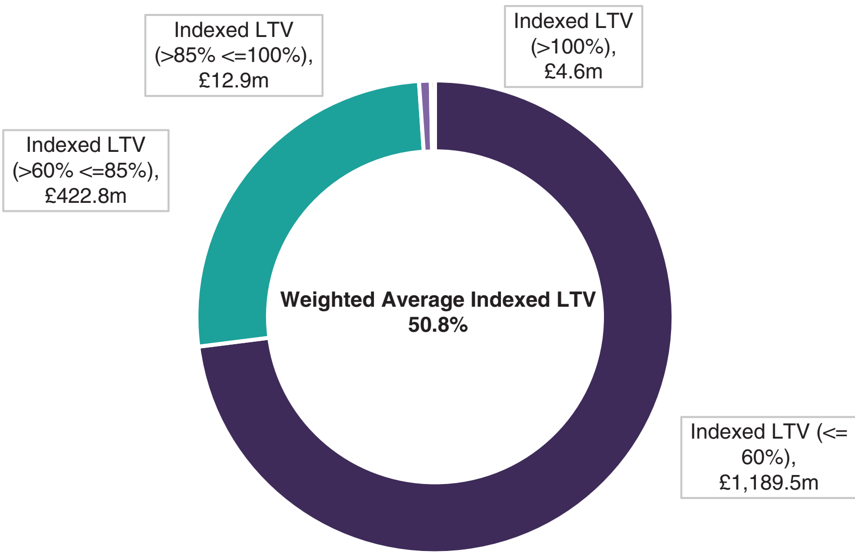
Performing loans as a percentage of our loan portfolio have increased from 83.5% as of June 30, 2014, pursuant to UK GAAP, to 90.3% as of June 30, 2016, pursuant to IFRS, due to improved macroeconomic conditions in general, to our improved underwriting and our improved collections and arrears management.

The charts below show our performing loans by value by arrears category and indexed LTV band after impairments as of June 30, 2016, pursuant to IFRS.

Arrears Categories



Indexed LTV Bands



As of June 30, 2016, our performing loans of £1,629.8 million had an aggregate exposure to negative equity of £2.2 million, which is covered by provisions in an amount of £4.0 million.

Non-Performing Arrears Loans

A loan is considered non-performing when it has arrears of more than three months and cash receipts collected in respect of such loans are less than 90% of contractual installments due within the prior three month period.

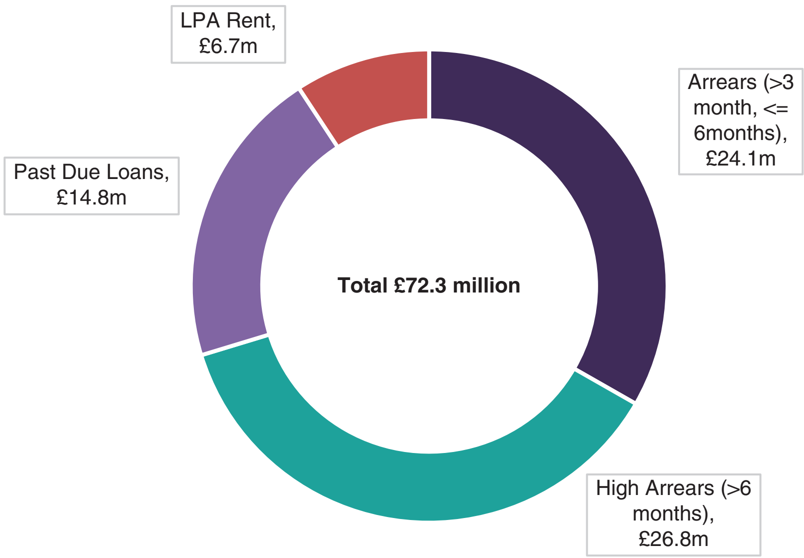
As of June 30, 2016, non-performing arrears loans pursuant to IFRS totaled £72.3 million, or 4.0% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 1.0% in the year ended June 30, 2016 compared to as of June 30, 2015, pursuant to UK GAAP.

As of June 30, 2015, non-performing arrears loans pursuant to UK GAAP totaled £71.5 million, or 5.0% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 1.5% as of June 30, 2015 compared to as of June 30, 2014.

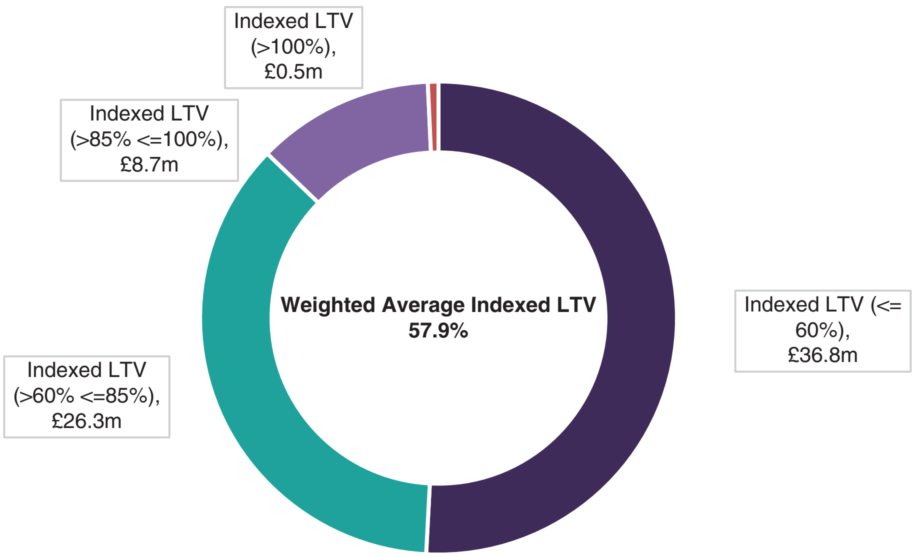
As of June 30, 2014, non-performing arrears loans pursuant to UK GAAP totaled £70.1 million, or 6.5% of our loan portfolio.

The charts below show our non-performing arrears loans by value by arrears category and by indexed LTV band after impairments as of June 30, 2016, pursuant to IFRS.

Arrears Categories



Indexed LTV Bands



"**LPA Rent**" refers to loans for which property securing the loan is under LPA receivership, in respect of which we are receiving rental income and which may be being actively marketed.

Loans classified as non-performing arrears loans continue to be managed under our collections and arrears processes. In some cases, we continue to receive payments, including in respect of accounts where forbearance has been offered and temporary payment plans have been agreed.

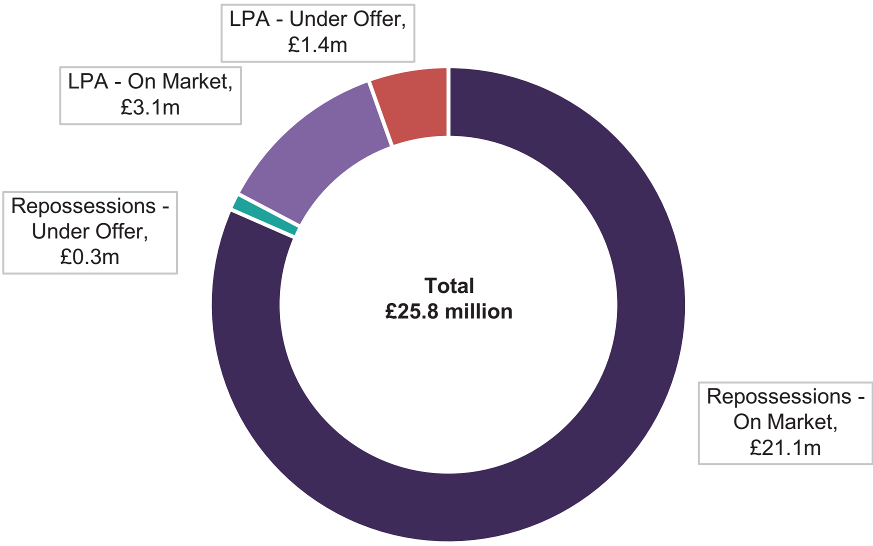
As of June 30, 2016, our £72.3 million of non-performing loans had an aggregate exposure to negative equity of £2.4 million, taking into account cross guarantees in place, which is covered by allowances for impairment in an amount of £5.4 million. 64.2% of our non-performing arrears loans were underwritten prior to 2010.

Repossessions and LPA Receivership

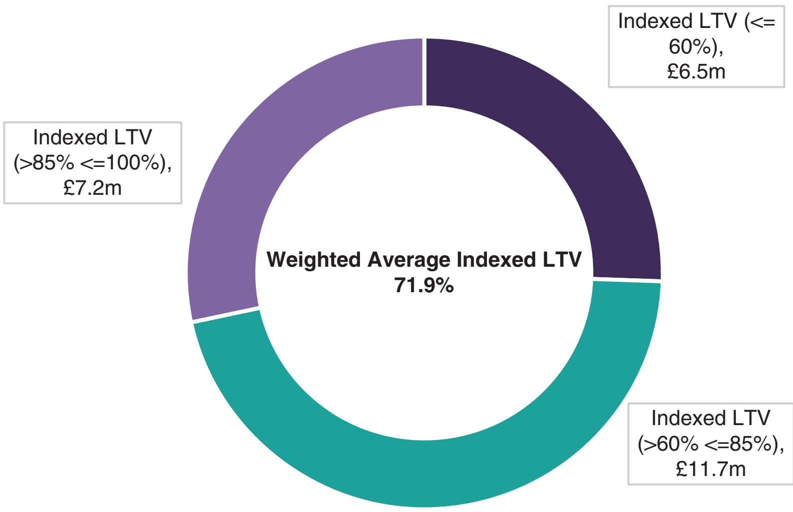
Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security or in respect of which the borrower has surrendered ownership of the property. LPA receivership is typically used to exercise security over property used for commercial purpose loans and enable us to sell the property ("**LPA Sales**"). As of June 30, 2016, we had a total of £25.8 million in loans (excluding development loans) for which the security is subject to a repossession order or where an LPA receiver has been appointed and a buyer for the security is being actively sought and no rental income is being received. We view repossession as a last resort to recovery and even in the case of repossession proceedings, we continue to work with the borrower to achieve the best possible outcome for both parties.

The charts below show by value our repossessions and LPA sales by stage of recovery and indexed LTV band after impairments as of June 30, 2016.

Stages of Recovery



Indexed LTV Bands



"**LPA Sale—Under Offer**" refers to loans for which property securing the loan is under LPA receivership, in respect of which an offer to purchase the property has been accepted and the sale process is taking place. "LPA Sale—On Market" refers to loans for which the property securing the loan is under LPA receivership, in respect of which the property is being actively marketed for sale. "**Repossessions—Under Offer**" refers to loans for which we have repossessed the property securing the loan, in respect of which the property has been marketed, an offer has been accepted and the sale process is taking place. "**Repossessions—On Market**" refers to loans for which we have repossessed the property securing the loan, in respect of which the property is being actively marketed for sale or being prepared for such marketing, but for which no offer has yet been accepted.

As of June 30, 2016, our £25.8 million of our loans subject to a repossession order or LPA sale had an aggregate exposure to negative equity of £7.9 million, taking into account cross guarantees in place, which is covered by provisions in an amount of £8.8 million.

Development Loans

Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. We underwrite relatively few new development loans each year and continue to support a small number of historical funding commitments already agreed or required to complete existing developments. As of June 30, 2016, we had a total of £76.0 million in development loans of which £38.2 million representing 50.3% were originated prior to December 31, 2009 and £37.8 million representing 49.7% were originated since January 1, 2010). The projects for which we have extended development loans are primarily small to medium-sized sites, for new construction as well as buildings that are being converted to residential purpose.

In respect to our historical development loans, primarily those originated prior to December 31, 2009 and, due to the negative equity position of some of these loans, we have either taken possession of the underlying development or are working with the borrowers to achieve an orderly completion and sale of the sites over a period of one to three years. We have a dedicated team established to actively reduce this loan class by looking to dispose of properties while maximizing value. Between June 30, 2013 and June 30, 2016, the balance of development loans originated prior to December 31, 2009 has reduced from £91.5 million to £38.2 million, after taking into account a further £9.7 million of further advances made to support completion of such units, where in doing so we believe this will improve the recoverability of the amounts due.

In the year ended June 30, 2016, we extended £8.8 million in further advances on loans originated prior to June 30, 2015 (of which £0.7 million related to loans originated prior to 2010) and have underwritten £36.9 million in new development loans comprised of £18.6 million of initial advances and £18.3 million of further advances (in relation to loans originated initially on or after July 1, 2015). As of June 30, 2016 we had an aggregate exposure to negative equity on development loans, taking into account cross-guarantees of £12.2 million. We recorded allowances for impairment of £17.6 million.

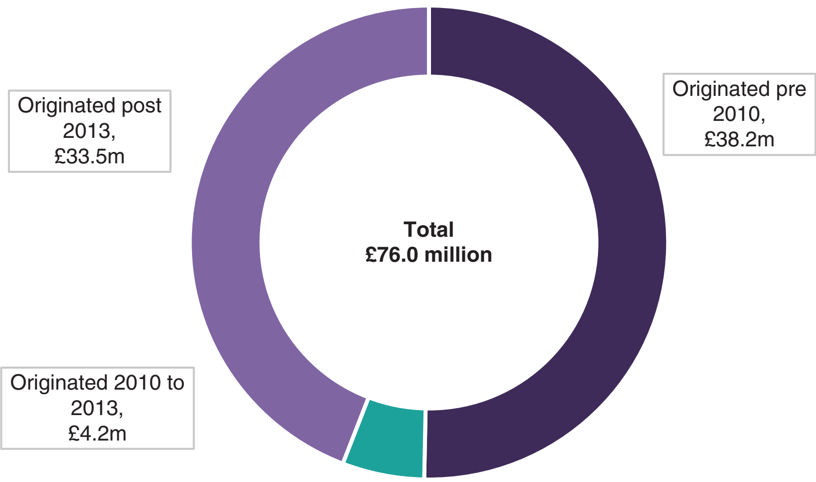
As of June 30, 2016, development loans comprised 4.2% of our loan portfolio, which is a decrease in comparison with 5.2% as of June 30, 2015.

The table below shows the amount of development loans by value, the number of sites and the average balance of our development loans by ranges of loan size per site as of June 30, 2016.

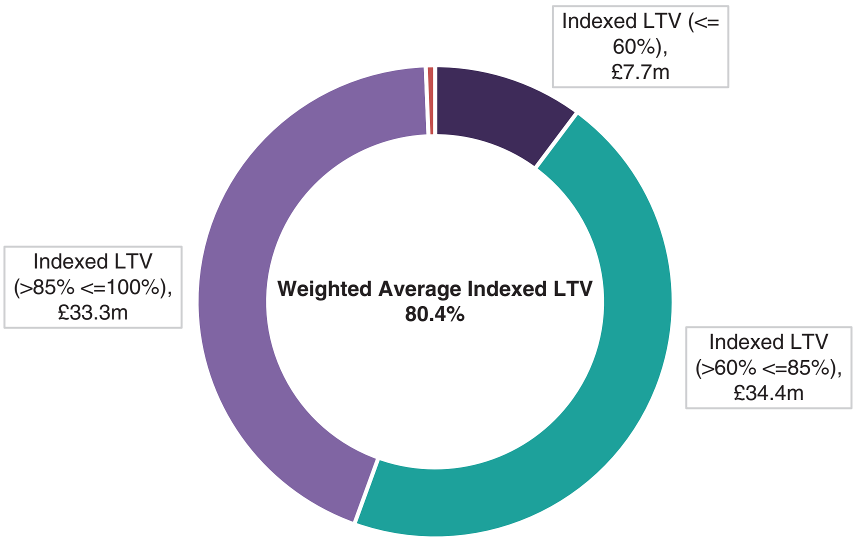
	As of June 30, 2016		
	Amount in loans	Number of sites	Average loan balance
(IFRS)	(in £ million)		(in £ million)
> £5 million	13.6	2	6.8
£2.5 million to £5.0 million	20.3	5	4.1
£1 million to £2.5 million	24.1	14	1.7
£0.5 million to £1 million	11.3	16	0.7
< £0.5 million	6.7	40	0.2
Total	76.0	77	1.0

The charts below show our development loans by value by origination date and indexed LTV after impairments band as of June 30, 2016.

Origination Date



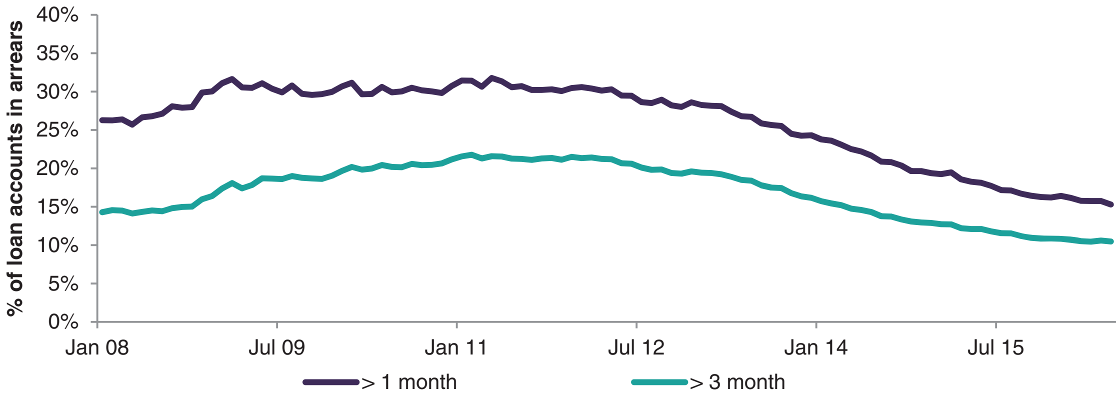
Indexed LTV Bands



Arrears Trends

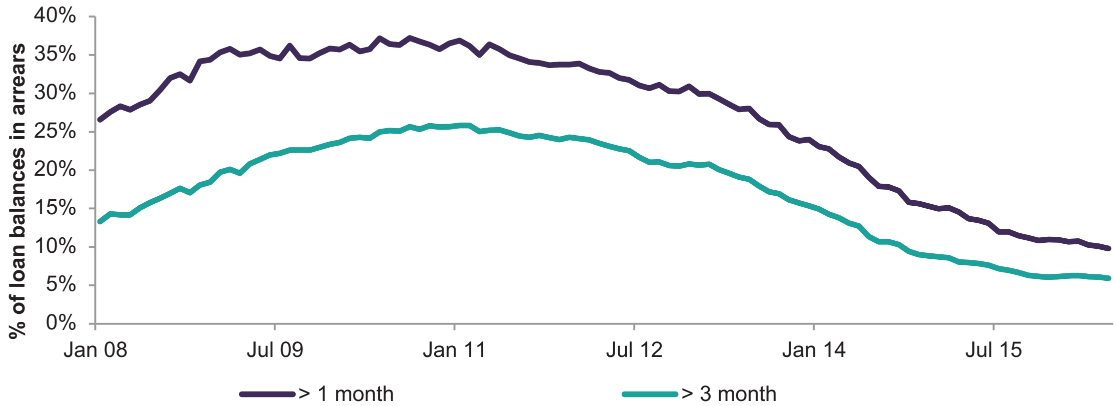
With the exception of the application of certain limited forbearance measures, we do not reschedule our loans by capitalizing arrears. In this offering memorandum, arrears data are based on the original contractual position, using actual cash received to identify performing and non-performing arrears loans, and do not take into account either payment plans or agreed changes to payment dates. All arrears metrics show improving trends from 2009 onwards, reflecting our increased focus on borrower affordability in the underwriting process and our active arrears and collections management.

The graph below shows the progression of bands of loans in contractual arrears by number of loan accounts as a percentage of the total number of loan accounts (excluding development loans and those loans that are subject to an LPA sale or repossession order) in our loan portfolio, from January 2008 to June 2016.



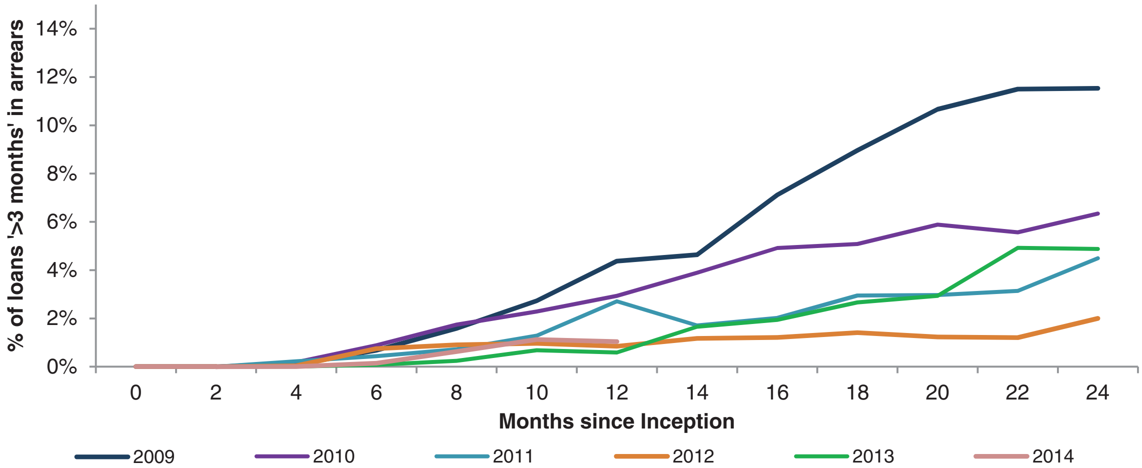
The number of loans in arrears remained relatively stable between 2009 and 2012, at which point a marked reduction in the number of loans in arrears commenced, with the number of loans in arrears less than or equal to one month's contractual installment continuing to decline.

The graph below shows the progression of bands of loans in contractual arrears by loan balance as a percentage (excluding development loans and those loans that are subject to an LPA sale or repossession order) of our loan portfolio, from January 2009 to June 2016.



The balance of loans in arrears follows a similar trend to the number of loans in arrears, except that a loan that is a non-performing arrears loan will continue to accrue further arrears until such time as it becomes a performing loan or is redeemed.

The graph below shows vintage delinquencies split by calendar year of origination from 2009 through to 2014 that have arrears greater than three months.



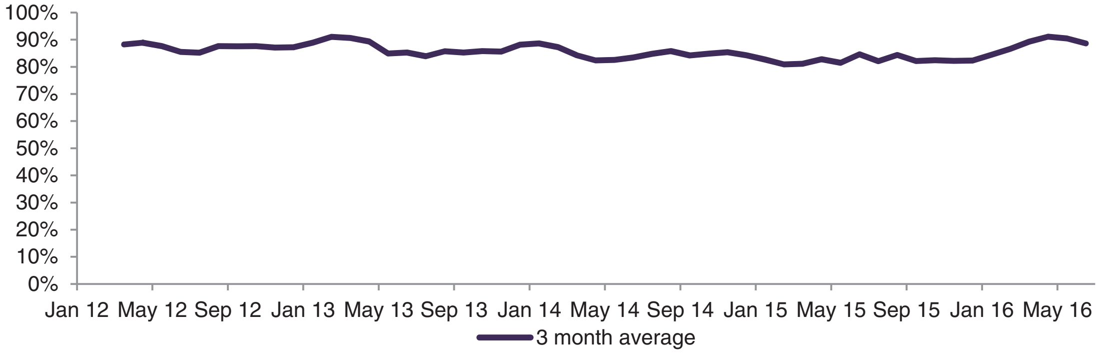
There has been a significant improvement in vintage delinquency rates since 2009, with the amount of loans experiencing arrears greater than three months contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the calendar year ended December 31, 2009 to 1.0% for loans funded in the year ended December 31, 2014.

Credit Quality

The graphs below show the percentage of accounts, based on monthly new advances, for which the borrower has been classified as not credit impaired. The credit quality of the borrower has been maintained despite new advances (including further advances) increasing from £725.1 million to £1011.5 million in the last twelve months ended June 30, 2015 and 2016 respectively.

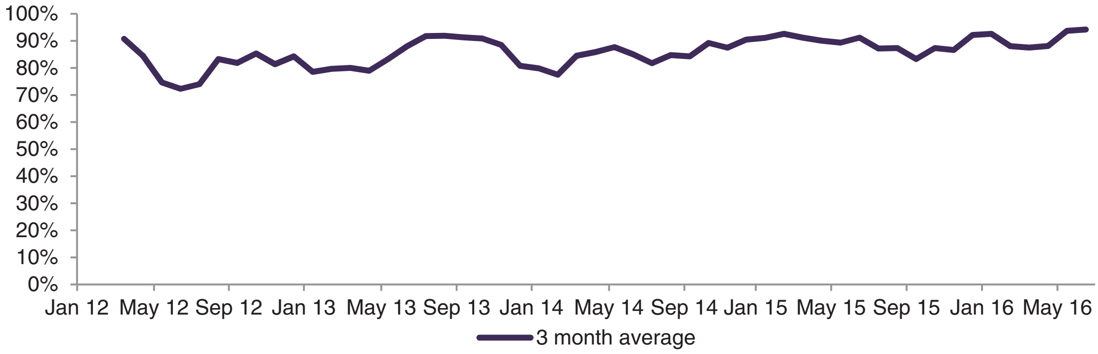
Retail Purpose

For loans originated since January 1, 2012, approximately 85% of our customers are not credit impaired pursuant to the Financial Conduct Authority ("**FCA**") definition of credit impairment (as defined below).



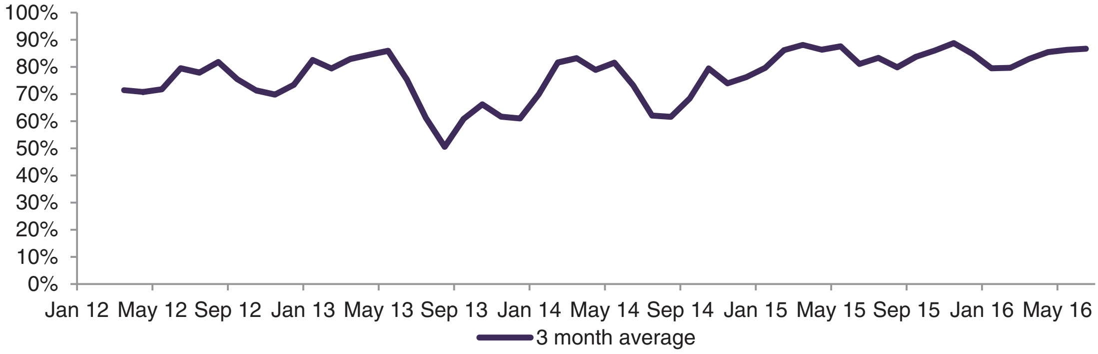
Short-term Commercial Purpose

For loans originated since January 1, 2012, approximately 88% of commercial customers, excluding medium- and long-term loans are not credit impaired pursuant to the FCA definition of credit impairment (as defined below).



Medium- and Long-term Commercial Purpose

For loans originated since January 1, 2012, approximately 81% of commercial customers, excluding short-term loans, are not credit impaired pursuant to the FCA definition of credit impairment (as defined below).



The FCA defines a credit impaired borrower as a customer who:

- has been in arrears on a mortgage / loan within last two years, where the cumulative amount in arrears is equal to or larger than 3 months' payments; or
- has one or more county court judgments against the borrower within the last three years, with a total value greater than £500; or
- has been subject to an individual voluntary arrangement or bankruptcy order within the last three years.

Loss Sensitivities

Total Loan Portfolio

The LTV of our loan portfolio on a weighted average indexed basis pursuant to IFRS remains prudent at 52.6% as of June 30, 2016 and has been reducing over time. Of our loan portfolio, 0.3% had an indexed LTV greater than 100% (after netting any allowances for impairment) as of June 30, 2016. As of June 30, 2016, the loan portfolio had an aggregate exposure to negative equity of £24.7 million, which is covered by allowances for impairment in place of £35.8 million.

In stress testing our loan portfolio as of June 30, 2016, a 5%, 10% and 20% decline to indexed valuations on a loan by loan analysis would result in additional negative equity exposure of £3.5 million, £8.0 million and £21.0 million, respectively.

Borrower Group Loan Analysis

The table below provides a summary of the Borrower Group's loan portfolio and the Borrower Group's loan portfolio by asset class (performing loans, non-performing arrears loans, repossessions and LPA sales and development loans) as of June 30, 2016. The Borrower Group's loan portfolio contains almost all of our non-performing arrears loans, all of our repossession and LPA sales loans and almost all of our development loans, which are ineligible loans for the Conduit Securitizations.

	As of June 30, 2016				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio[(1)]	581.8	414.6	66.9	25.8	74.5
Number of loans	8,422	5,691	2,138	385	208
Average loan size (£)	69,080	72,857	31,284	66,996	358,105
Weighted average indexed LTV (%)	58.4%	53.5%	58.9%	71.9%	80.6%
Total allowances for impairments	34.1	2.4	5.4	8.8	17.6
Exposure to negative equity	23.6	1.2	2.4	7.9	12.2
Repayment type					
Capital repayment loans	184.6	147.3	33.0	4.3	—
Bridging loans	303.3	189.6	20.6	18.6	74.5
Interest only retail purpose	24.0	18.9	4.9	0.2	—
Interest only commercial purpose	69.9	58.9	8.4	2.7	—
Security					
Residential	412.5	269.1	53.7	20.4	69.4
Commercial	169.3	145.6	13.2	5.3	5.1
Purpose					
Retail	151.5	121.7	28.6	1.3	—
Commercial	430.3	293.0	38.3	24.5	74.5
Lien					
First	388.0	273.5	37.6	19.6	57.3
Second	193.8	141.1	29.3	6.2	17.2
Origination					
2016	148.5	138.1	—	0.2	10.2
2015	110.9	80.4	7.1	5.7	17.7
2014	53.5	39.1	7.2	3.0	4.2
2013	9.5	4.8	2.6	1.3	0.7
2012	9.4	6.5	2.3	0.1	0.4

	As of June 30, 2016				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
2011	10.6	5.8	1.9	1.4	1.4
2010	9.4	5.6	1.6	0.6	1.7
2009	15.1	11.9	2.2	0.6	0.4
2008	41.3	23.2	7.8	3.5	6.8
2007	72.0	49.7	14.0	5.9	2.4
2006	55.2	29.1	10.4	2.2	13.5
Pre 2006	46.4	20.3	9.7	1.1	15.2

(1) The loan analysis of the borrower group excludes £24.6 million of additional loans and borrowings due to the Borrower Group in respect of loans where the principal balance of the initial loan advance forms part of the assets in the Conduit Securitizations.

As of June 30, 2016, 33.8% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the FCA as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this annual report. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes CBTLs written post this date. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan is used for business purposes. Such loans could include: in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 50.3% of our development loans were underwritten prior to 2010 which we continue to support, and 49.7% were underwritten from 2010 onwards. As of June 30, 2016, 99.7% of our retail purpose loans, 69.6% of our commercial purpose loans and 93.3% of our development loans were secured by residential property.

The table below sets forth additional information in respect of the Borrower Group's loan portfolio.

		Commercial Purpose 61.2%(1)			
	Retail Purpose 26.0%	Short-term Commercial Purpose 63.0%	Medium-and Long-term Commercial Purpose 37.0%(3)		Development 12.8%
			Commercial Security	BTL +	
Principal Subsidiaries	• CMCL • BFL(4) (managing existing loan portfolio)	• LMCL • BDFL(4) • AFL • HARPL(4)	• LMCL • BFL(4) (managing existing loan portfolio) • HARPL(4)	• LMCL • BFL(4) (managing existing loan portfolio) • HARPL(4)	• LMCL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to property investors and high net-worth individuals
Regulator	• FCA	• Unregulated	• Unregulated	• Unregulated	• Unregulated
Distribution	• Broker network • Direct sales	• Broker network • Professional referrals • Auction houses • Direct sales	• Broker network • Professional referrals • Direct sales	• Broker network • Professional referrals • Direct sales • Auction house	• Direct sales • Broker network • Professional referrals

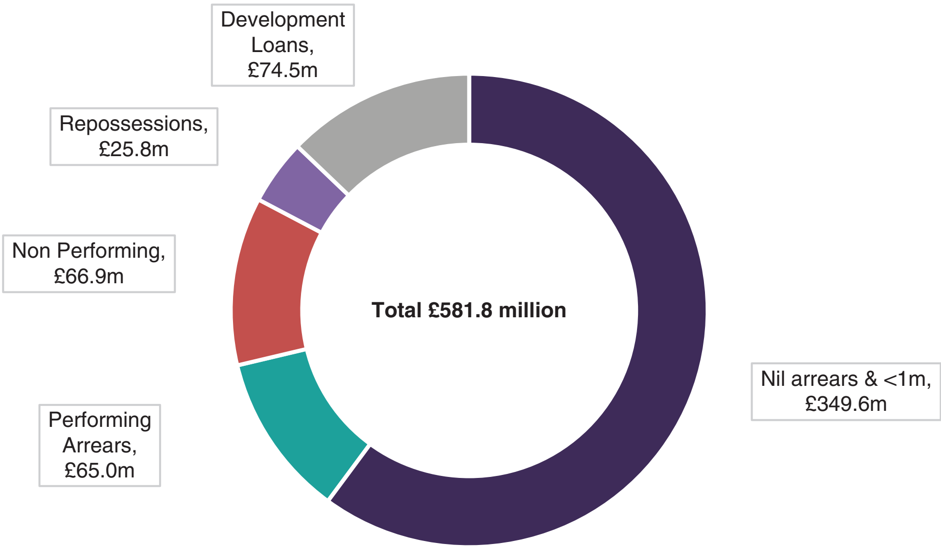
	Retail Purpose 26.0%	Commercial Purpose 61.2%(1): Short-term Commercial Purpose 63.0%	Commercial Purpose 61.2%(1): Medium-and Long-term Commercial Purpose 37.0%(3): Commercial Security	Commercial Purpose 61.2%(1): Medium-and Long-term Commercial Purpose 37.0%(3): BTL +	Development 12.8%
Security	• Residential property	• Residential property • Commercial and semi-commercial property	• Residential property • Commercial and semi-commercial property	• Residential property • Commercial and semi-commercial property	• Residential property • Commercial and semi-commercial property
Terms	• 1 to 30 years	• Up to 24 months	• 2-30 years	• 2-30 years	• Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security and exit strategy	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Project appraisal
Loan Portfolio Value	• First lien: £30.7 million • Second lien: £120.8 million • Total: £151.5 million	• First lien: £195.1 million • Second lien: £29.0 million • Total: £224.0 million	• First lien: £43.3 million • Second lien: £4.5 million • Total: £47.8million	• First lien: £61.7 million • Second lien: £22.3 million • Total: £84.0million	• First lien: £57.3 million • Second lien: £17.2 million • Total: £74.5million
Number of Loans	• First lien: 571 • Second lien: 5,772 • Total: 6,343	• First lien: 411 • Second lien: 201 • Total: 612	• First lien: 297 • Second lien: 68 • Total: 365	• First lien: 501 • Second lien: 393 • Total: 894	• First lien: 155 • Second lien: 53 • Total: 208
Weighted Average Indexed LTV	• First lien: 47.7% • Second lien: 53.0% • Total: 51.9%	• First lien: 59.0% • Second lien: 53.6% • Total: 58.3%	• First lien: 54.0% • Second lien: 43.3% • Total: 53.0%	• First lien: 53.5% • Second lien: 54.3% • Total: 53.7%	• First lien: 80.8% • Second lien: 80.2% • Total: 80.6%
Weighted Average Nominal Rate	• First lien: 9.3% • Second lien: 11.6% • Total: 11.1%	• First lien: 13.2% • Second lien: 14.4% • Total: 13.4%	• First lien: 9.8% • Second lien: 10.4% • Total: 9.8%	• First lien: 9.9% • Second lien: 10.3% • Total: 10.0%	• First lien: 13.2% • Second lien: 10.7% • Total: 12.6%
Average Inception Loan Size(2)(3)	• First lien: £56.1 thousand • Second lien: £22.2 thousand • Total: £25.3 thousand	• First lien: £523.6 thousand • Second lien: £160.0 thousand • Total: £404.2 thousand	• First lien: £156.5 thousand • Second lien: £75.4 thousand • Total: £141.4 thousand	• First lien: £135.7 thousand • Second lien: £60.6 thousand • Total: £102.7 thousand	• First lien: £323.8 thousand • Second lien: £173.2 thousand • Total: £285.4 thousand

(1) The aggregate average commercial loan size is £190.2 thousand.
(2) The aggregate average loan size of all types of loans is £69.1 thousand.
(3) The Aggregate average loan size of all types of loans is £104.7 thousand.
(4) BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.

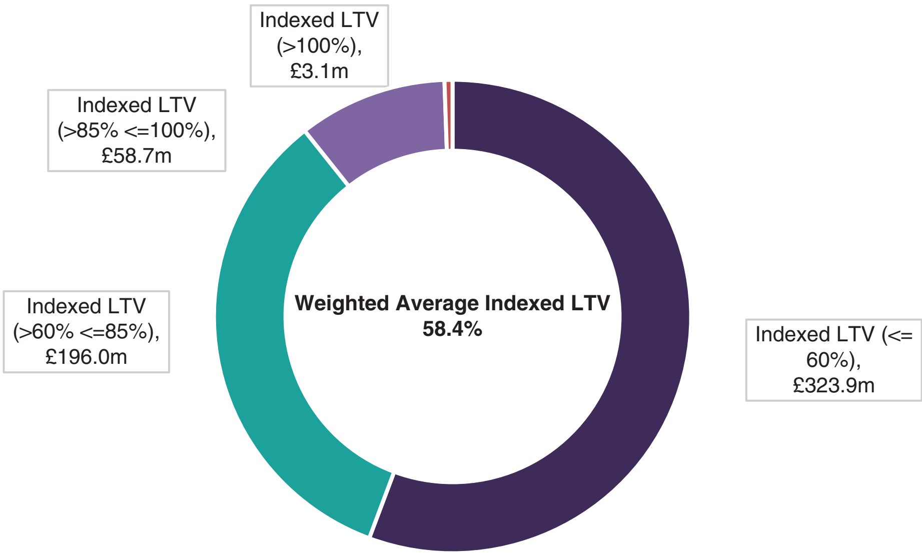
As of June 30, 2016, commercial purpose loans comprised 61.2% of the Borrower Group's loan portfolio, with a weighted average indexed LTV of 56.5% and a weighted average nominal rate of 12.1%.

The charts below show the Borrower Group's loan portfolio, by asset class and indexed LTV band as of June 30, 2016.

Asset Classes



Indexed LTV Bands

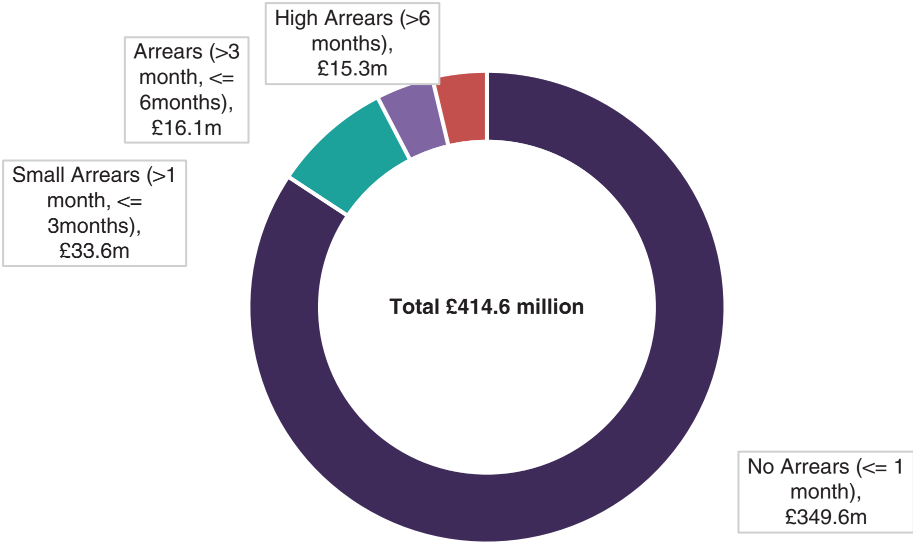


Performing loans as of June 30, 2016 consisted of: (i) nil arrears or arrears less than or equal to one month's contractual installment or where no monthly contribution installment is due totaling £349.6 million, or 60.1% of the Borrower Group's loan portfolio, and (ii) "performing arrears loans," being loans with arrears greater than one month's but less than or equal to three months' contractual installments or where cash receipts are collected in the prior three months are equal to or greater than 90% of the contractual installments due, totaling £65.0 million, or 11.2% of the Borrower Group's loan portfolio. As of June 30, 2016, performing loans pursuant to IFRS totaled £414.6 million or 71.3% of the Borrower Group loan portfolio. Total performing loans as a percentage of our loan portfolio decreased by 0.9% as of June 30, 2016 compared to as of June 30, 2015, pursuant to UK GAAP.

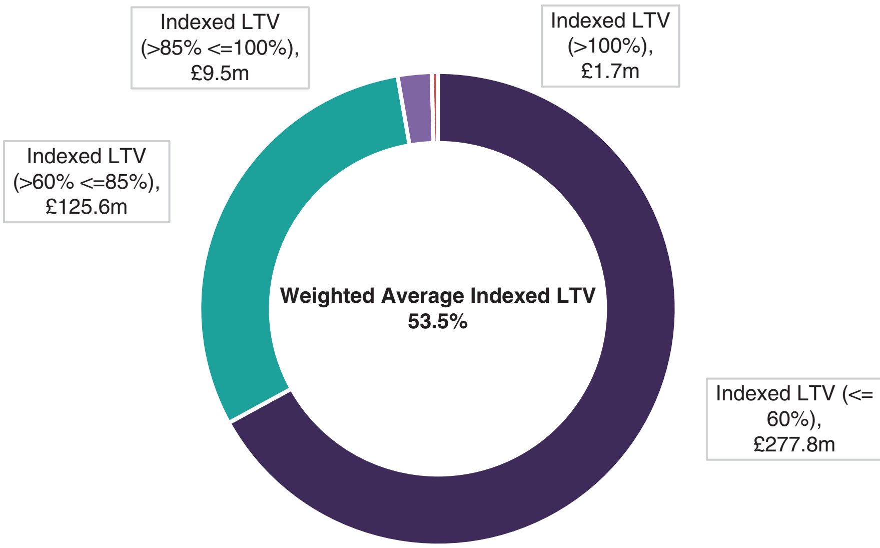
As of June 30, 2015, performing loans pursuant to UK GAAP totaled £440.2 million or 72.2% of our Borrower Group loan portfolio. Total performing loans as a percentage of the loan portfolio increased by 4.3% as of June 30, 2015 compared to as of June 30, 2014.

The charts below show the Borrower Group's performing loans by value by arrears category and indexed LTV band after allowances for impairments as of June 30, 2016.

Arrears Categories



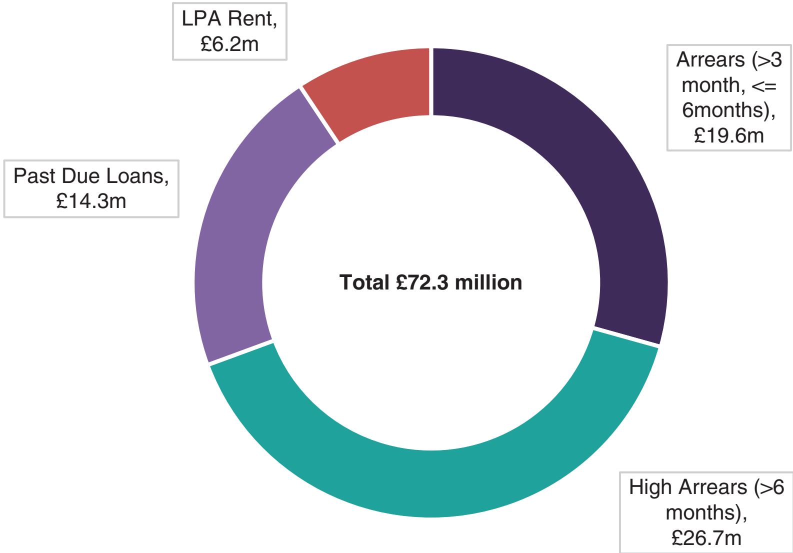
Indexed LTV Bands



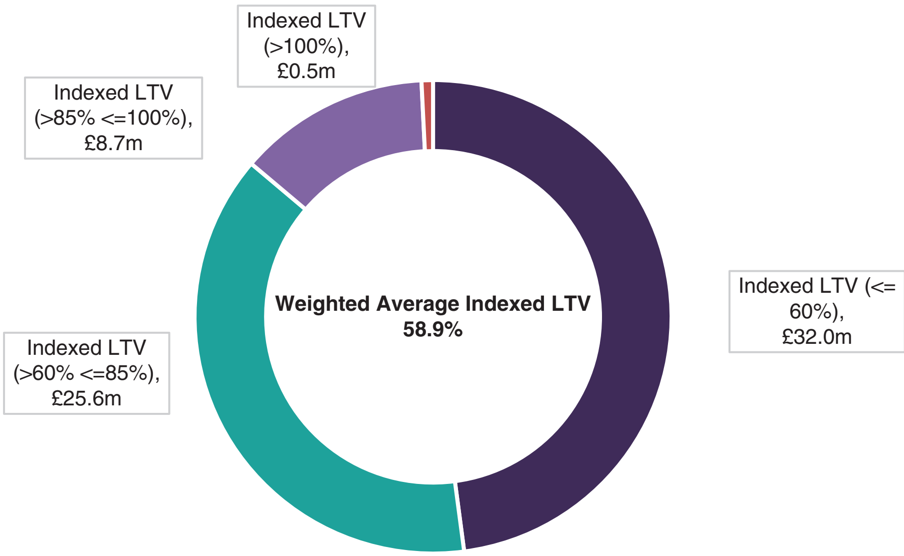
As of June 30, 2016, non-performing loans, pursuant to IFRS, totaled £66.9 million or 11.5% of the Borrower Group loan portfolio.

The charts below show the Borrower Group's non-performing arrears loans by value by arrears category and by indexed LTV band after allowances for impairments as of June 30, 2016.

Arrears Categories



Indexed LTV Bands



The loan categories of repossessions and LPA sales and development loans are not separately analyzed with respect to the Borrower Group, as the loan populations of those categories are almost identical to those of the group's analysis of loan portfolio. As of June 30, 2016, repossessions portfolio and LPA sales and development loans represented 4.4% and 12.8%, respectively, by value of the Borrower Group's loan portfolio.

The LTV of the Borrower Group's loan portfolio on a weighted average indexed basis was 58.4% as of June 30, 2016. As of June 30, 2016, the Borrower Group's loan portfolio loans had an aggregate exposure to negative equity of £23.6 million, taking into account cross guarantees in place, which is covered by allowances for impairment in an amount of £34.6 million. The percentage of loans within the Borrower Group with an origination indexed LTV of greater than 75% decreased from 15.7% as of June 30, 2015 to 12.1% as of June 30, 2016.

In stress testing the Borrower Group's loan portfolio as of June 30, 2016, a 5%, 10% and 20% decline to indexed valuations on a loan by loan analysis, would result in additional negative equity exposure of £3.4 million, £7.6 million and £19.4 million, respectively.

Loan Assets Cash Flow Metrics

The group is highly cash generative and had £833.0 million of cash receipts in the year ended June 30, 2016, comprising £191.9 million of interest and fees and £641.1 million of principal receipts. As of June 30, 2016, our total loan assets were £1,800.7 million.

Pursuant to UK GAAP, our cash interest receipts and interest income recognized in the profit and loss account were closely aligned, reflecting our conservative accounting and provisioning policies. Pursuant to IFRS, interest receivable and similar income in our income statement is higher than under UK GAAP, primarily as we no longer suspend income. See "*Risk Factors—Risks Relating to Our Business—We recently transitioned to financial reporting from UK GAAP to IFRS, which differs in certain significant respects from UK GAAP under which we have historically reported*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability*."

The levels of cash generation have been increasing over the past three years reflecting the growth of our loan book. In addition this reflects the growth of our short-term commercial purpose loan originations, which generally redeem earlier than other types of loans. Cash receipts for the group in the years ended June 30, 2015 and 2016 were £519.6 million and £833.0 million respectively. Cash receipts expressed as a percentage of average total loan assets increased on an annualized basis from 42.0% in the year ended June 30, 2015 to 51.7% in the year ended June 30, 2016, in part reflecting the fall in our arrears levels and also increased funding levels in origination of short-term commercial loans.

The Borrower Group generated £425.2 million of cash receipts in the year ended June 30, 2016 comprised of: £52.0 million of interest and fees; £268.7 million of principal receipts and £104.6 million surplus income from the Conduit Securitizations. See "*Summary—Overview—Our Sources of Funding*." As of June 30, 2016, the Borrower Group's total loan assets were £606.4 million.

Cash receipts for the Borrower Group in the years ended June 30, 2015 and 2016 were £286.8 million and £425.2 million, respectively. Cash receipts expressed as a percentage of total average loan assets of the Borrower Group increased on an annualized basis from 50.1% in the year ended June 30, 2015 to 69.5% in the year ended June 30, 2016.

The group had cash outflow related to overheads, tax and capital expenditure of £61.3 million in the year ended June 30, 2016 resulting in cash available for debt service and writing new business of £771.8 million for the group and £364.0 million for the Borrower Group.

In the year ended June 30, 2016, the group paid interest costs of £61.7 million and debt issuance costs of £12.5 million. In the same period the Borrower Group paid interest costs of £32.3 million and debt issuance costs of £12.5 million.

In the year ended June 30, 2016, the group increased the amount drawn under its debt facilities by £354.0 million (an increase of £29.0 million) in relation to the Revolving Credit Facility, £nil increase on the Original Senior Secured Notes and an increase in the Conduit Securitizations by £325.0 million; of which £125.0 million related to increases in the CABS Securitization and £200.0 million due to the entry into the LABS Securitization).

We are able to effectively manage our liquidity by controlling the amount of new business that we write in any given period. See "*—Supplemental Cash Flow Information*."

Additional Data On Interest Yields

The table below shows cash interest received for the year ended June 30, 2016 for all loans in our loan portfolio that were originated before June 30, 2015 and live for a full twelve month period based upon loan segmentation as at June 30, 2015. Loans that were originated in the year ended June 30, 2016 have been excluded from this analysis. This analysis also excludes fee income and other smaller cash flow items.

Static Loan Portfolio for the Year ended June 30, 2016

	Retail purpose loans	Short-term Commercial purpose loans	Medium-and long-term commercial purpose loans
Performing loans (£m)	£446.1	£169.4	£298.7
Cash interest received (%)	11.4%	12.2%	10.5%
Non-Performing Arrears Accounts (£m)	£ 23.5	£ 20.4	£ 14.1
Cash interest received (%)	4.4%	6.4%	4.1%
Development loans (£m)			£ 63.0
Cash interest received (%)			1.2%

Supplemental Cash Flow Information

The table below provides our cash flow information for the group and the Borrower Group:

	Supplemental consolidated cash flow information			
	Group			Borrower Group
	For the year ended June 30,			
	2014	2015	2016	2016
	(£ in millions)			
Interest	122.1	153.0	191.9	52.0
Principal	255.7	366.6	641.1	268.7
Conduit surplus income				104.6
Cash receipts	**377.8**	**519.6**	**833.0**	**425.2**
Overheads & expenses	(28.7)	(37.8)	(40.6)	(40.6)
Tax	(10.4)	(12.5)	(16.7)	(16.7)
Capital expenditure	(0.6)	(1.8)	(3.9)	(3.9)
Cash available for debt service	**338.1**	**467.4**	**771.8**	**364.0**
Cash interest payable	(32.7)	(43.6)	(61.7)	(32.3)
Debt issuance costs(1)	(12.7)	(6.6)	(12.5)	(12.5)
Cash available after debt service	**292.7**	**417.2**	**697.6**	**319.1**
Debt (repayments)/increase(2)	58.5	298.5	354.0	29.0
Surplus funds	**351.2**	**715.7**	**1,051.6**	**348.1**
New advances(3)	**(352.8)**	**(719.9)**	**(1,007.4)**	**(350.3)**
Increase/(Decrease) in cash	**(1.6)**	**(4.2)**	**44.2**	**(2.1)**
Less movement in conduit cash(4)	*4.1*	*(0.2)*	*46.4*	
Increase/(Decrease) in cash as per statutory accounts	*(5.7)*	*(4.1)*	*(2.2)*	

(1) Debt issuance costs in the year ended June 30, 2014 relate to the issuance of the Original Senior Secured Notes of an aggregate principal amount of £200.0 million and refinancing of the CABS Securitization in April 2014. Debt issuance costs in the year ended June 30, 2015 relate to the issuance of £100.0 million aggregate principal amount of additional Original Senior Secured Notes and refinancing of the CABS Securitization in November 2014. Fees for the year ended June 30, 2016 relate to the entry into the LABS Securitization, the refinancing and upsizing of the CABS Securitization and the renewal of the Revolving Credit Facility in August 2015, March 2016 and August 2015, respectively. Interest and debt issuance costs are consolidated within our accounts into the line item "Returns on investments and servicing of financing," pursuant to UK GAAP, and "Net cash outflow from operating activities," pursuant to IFRS.

(2) Debt increases includes net increases of the Conduit Securitizations and the Revolving Credit Facility in the period. It differs from the information in the statutory accounts under "Financing," as it does not include the movement in each Conduit Securitization cash balance.

(3) New advances per the cash flow differ from new advances originated presented elsewhere due to timing differences on payment processing.

(4) The movement of cash within the Conduit Securitizations is broken out separately to enable the schedule to be reconciled to our statutory accounts.

Other Loan Asset Metrics

Average Total Loan Asset Balances and Income Recognized from Loan Portfolio

The tables below set forth our average total loan asset balances (after suspended income after provision for bad and doubtful debts pursuant to UK GAAP and after allowances for impairment pursuant to IFRS); interest recognized on our total loan assets and weighted average interest rates for each of the periods indicated. Such average balances are based on the average of the total loan assets balance at the start and end of each period. Weighted average interest rates have been calculated by dividing interest recognized in accordance with UK GAAP and interest receivable and similar income by the average total loan asset balance.

	Year ended June 30, 2014			Year ended June 30, 2015		
	Average Total Loan Assets Balance	Interest[(1)] Recognized	Weighted Average Rate	Average Total Loan Assets Balance	Interest[(1)] Recognized	Weighted Average Rate
	(UK GAAP) (£ in millions, except for percentages)					
Average Total Loan Assets	1,028.1	114.7	11.2%	1,258.9	141.4	11.2%

(1) Interest recognized is a component of Turnover, as reported under UK GAAP. Under IFRS, we no longer present Turnover but present Interest Receivable and Similar Income. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability.*"

	Year ended June 30, 2015			Year ended June 30, 2016		
	Average Total Loan Assets Balance	Interest receivable and similar income	Annualized Weighted Average Rate	Average Total Loan Assets Balance	Interest receivable and similar income	Annualized Weighted Average Rate
	(IFRS) (£ in millions, except for percentages)					
Average Total Loan Assets	1,238.5	164.4	13.3%	1,612.1	210.8	13.1%

In the year ended June 30, 2016, the weighted average rate on our average total loan assets was 13.1%.

Return on Total Loan Assets

The table below sets forth our ratio of EBITDA to average total loan asset balance (after suspended income and after provisions for bad and doubtful debts pursuant to UK GAAP and after allowances for impairment pursuant to IFRS) for each of the periods indicated.

	Year ended June 30, 2014			Year ended June 30, 2015		
	Average Total Loan Assets Balance	EBITDA	EBITDA to Average Total Loan Assets	Average Total Loan Assets Balance	EBITDA	EBITDA to Average Total Loan Assets
	(UK GAAP) (£ in millions, except for percentages)					
Ratio of EBITDA to Average Total Loan Asset Balance (after suspended income and after provisions for bad and doubtful debts)	1,028.1	97.6	9.5%	1,258.9	123.3	9.8%

	Year ended June 30, 2015			Year ended June 30, 2016		
	Average Total Loan Assets Balance	EBITDA	EBITDA to Average Total Loan Assets	Average Total Loan Assets Balance	EBITDA	EBITDA to Average Total Loan Assets
	(IFRS) (£ in millions, except for percentages)					
Ratio of EBITDA to Average Total Loan Asset Balance (after allowances for impairments)	1,238.5	127.9	10.3%	1,612.1	159.3	9.9%

Yield Spread

The table below sets forth our levels of average total loan asset balances, net yield and yield spread for each of the periods indicated.

	Year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
	(£ in millions, except for percentages)	
Average Total Loan Assets	1,028.1	1,258.9
Net yield[(1)]	69.6	89.3
Yield spread[(2)]	4.5%	5.1%

	Year ended June 30,	
	2015	2016
	(IFRS)	(IFRS)
	(£ in millions, except for percentages)	
Average Total Loan Assets	1,238.5	1,612.1
Net yield[(1)]	112.1	143.3
Yield spread[(2)]	7.1%	7.3%

(1) Pursuant to UK GAAP, net yield is defined as interest income recognized less interest costs paid, net of other interest income. Pursuant to IFRS, net yield is defined as interest receivable and similar income less interest payable and similar charges.

(2) Pursuant to UK GAAP, yield spread represents the difference between (i) interest income divided by average opening and closing total loan assets and (ii) interest costs divided by average opening and closing total borrowings. Pursuant to IFRS, yield spread represents the difference between (i) interest receivable and similar income divided by average opening and closing total loan assets and (ii) interest payable and similar charges divided by average opening and closing total borrowings. Interest cost and average total borrowing include interest and balances respectively in relation to the Existing Subordinated Shareholder Loan Notes.

Maturity of our Performing and Non-Performing Arrears Loans

The table below sets forth an analysis of our performing and non-performing arrears loans as of June 30, 2016 by the time remaining to maturity.

	As of June 30, 2016						
	1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5 - 30 years	Past due loans[(1)]	Total
	(£ in millions)						
Performing Loans	32.9	47.6	283.0	118.1	998.5	149.6	1,629.8
Non-Performing Arrears Loans	0.1	0.1	3.8	4.9	35.9	27.5	72.3

(1) Maturity based on the original underwriting term, and does not give effect to subsequent renewals or extensions agreed with the customer.

Provisions for Loan Losses

Our provisions for loan losses were recorded in accordance with UK GAAP and from June 30, 2015 are recorded in accordance with IFRS. See "*—Loan Provisionary Policy,*" "*—Critical Accounting Policies (UK GAAP)—Provisions for Bad and Doubtful Debts,*" "*—Critical Accounting Policies (IFRS)—Impairment of Financial Assets*," and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Factors Affecting Comparability*" for a description of guidelines and procedures used in the review of our total loan assets and the calculation of our provisions for potential loan losses. The following table presents our total provisions at the end of each of the periods indicated.

	Year ended June 30,	
	2014	2015
	(UK GAAP)	(UK GAAP)
Total provisions at the end of the period	49.7	48.2

	Year ended June 30,	
	2015	2016
	(IFRS)	(IFRS)
Total provisions at the end of the period	69.3	68.8

Our presentation of provisions includes provisions in respect of loans with carrying values of nil for which full provisions are in place which amount to £33.0 million of the £68.8 million as of June 30, 2016.

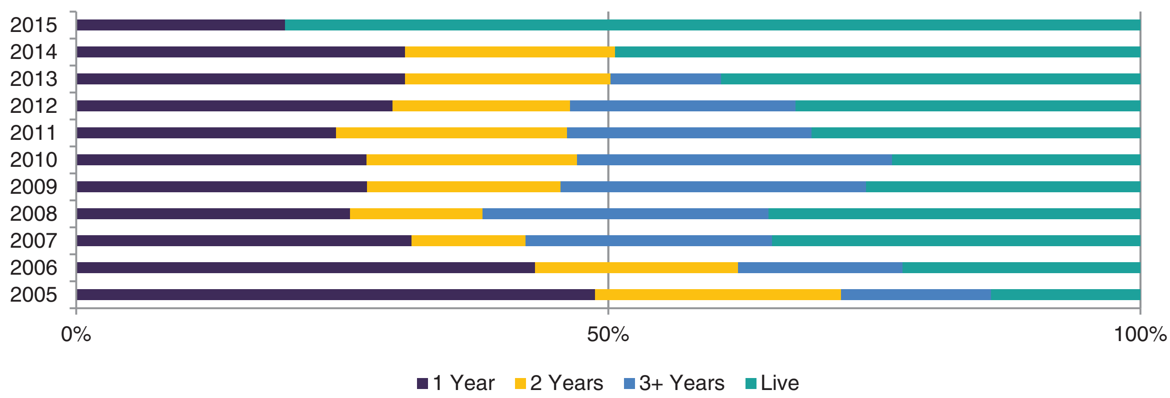
Pre-payment Schedule

The rate at which our customers redeem their mortgages is a key driver of our businesses profitability and cash flow generation. Customers often redeem their loans prior to their contractual term either due to changes in their personal circumstances, such as moving house, or the availability of alternative financial products on more favorable terms. Pre-payment rates vary over time and are influenced by a number of economic factors, including: financial liquidity and availability of finance, house price movements and the level of property equity, economic outlook and interest rates.

The charts below show the percentage of our total loan book that was pre-paid after the indicated number of months from inception for retail purpose loans, medium- and long-term commercial purpose loans, and short-term commercial loans. Development loans are not included. Pre-payment rates are calculated based on the original balance plus any further advances made.

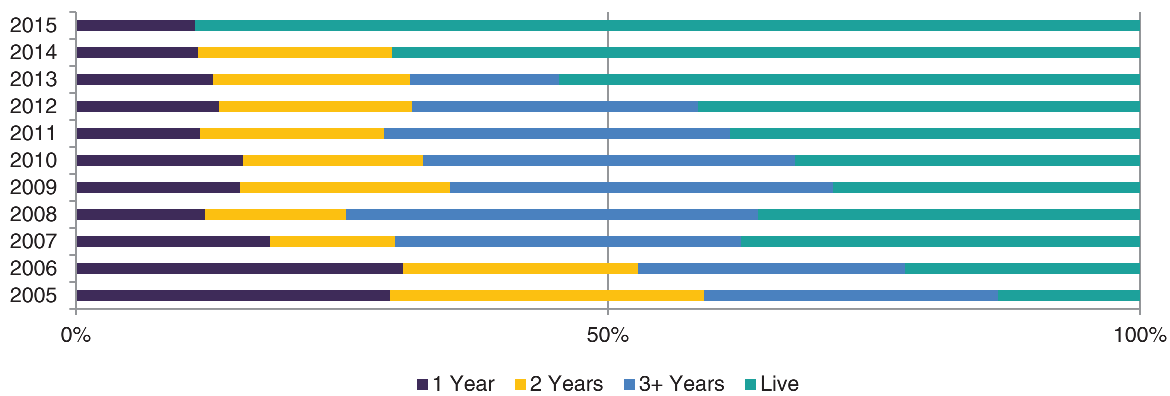
Prior to 2007 and as shown by the performance of loans underwritten in 2005 and 2006, approximately 50% of our total loan portfolio was typically repaid within twelve months. After 2007, only approximately 30% of the total loan portfolio was pre-paid within twelve months. This fall in redemption rates mirrors general trends in the UK mortgage market and was caused by a number of factors, including: the reduction in liquidity in the UK financial system, the reduction in house prices between 2008 and 2010 and its impact on reducing borrowers property equity, and the application of stricter and more challenging underwriting criteria applied throughout the UK mortgage industry.

All Prepayment Rates



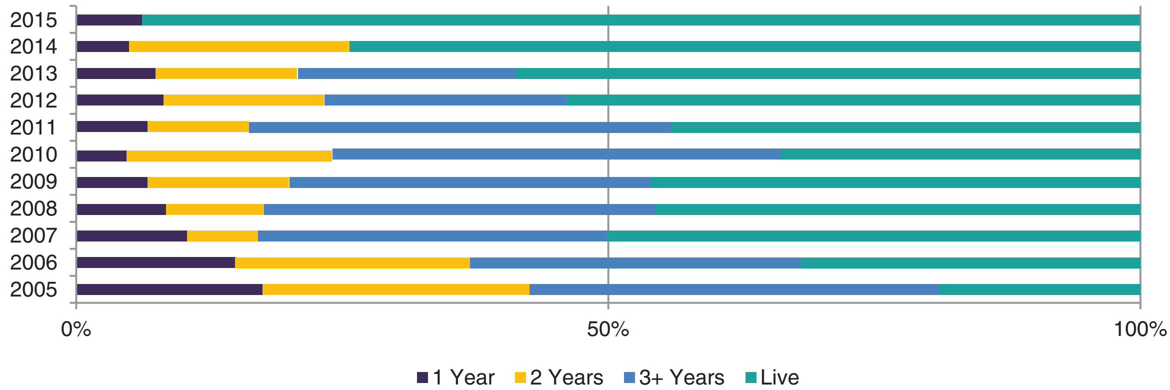
In the case of retail purpose loans underwritten in 2005 and 2006, approximately 30% were redeemed within twelve months, and this has fallen to approximately 15% for more recent loan vintages.

Retail Purpose Prepayment Rates



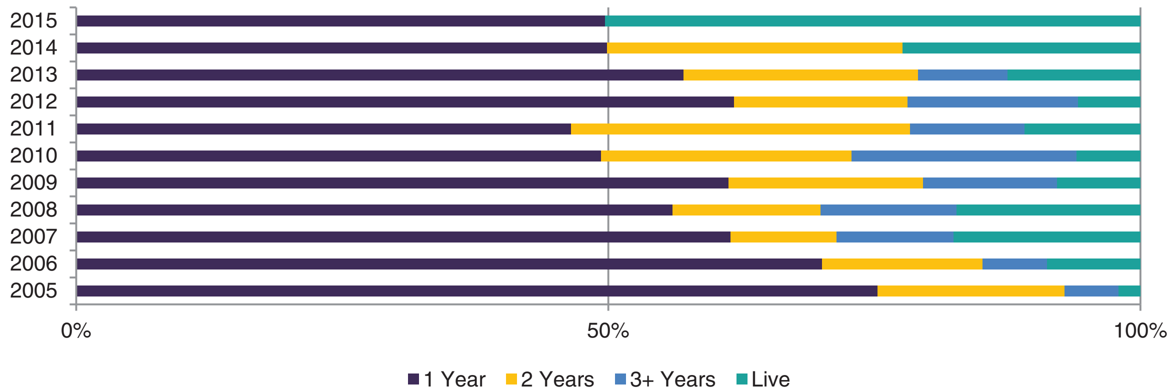
In the case of our medium- and long-term commercial purpose loans underwritten in 2005 and 2006, approximately 16% were redeemed within twelve months. This has fallen to approximately 6% for more recent loan vintages.

Commercial MLT Prepayment Rates



In the case of our short-term commercial purpose loans underwritten in 2005 and 2006, approximately 75% were redeemed within twelve months. This has fallen to approximately 53% for more recent loan vintages.

Commercial ST Prepayment Rates



Principal Collection Rates by Loan Origination Vintage and Loan Book Segmentation

The principal collection rate is the percentage of the outstanding loan balance that is repaid every year including scheduled repayments, early pre-payments and full redemptions.

The tables below show the principal collection rate for our total loan portfolio excluding development loans by loan vintage and loan segmentation in the year ended June 30, 2016.

	Principal collection rates in the year ended June 30, 2016 split by loan vintage		
(Calendar Year)	Retail loans	Short-term commercial purpose loans	Medium-and long-term commercial purpose loans
2006	11.6%	5.1%	9.5%
2007	11.9%	27.1%	14.4%
2008	13.3%	41.8%	13.3%
2009	17.4%	25.6%	11.3%
2010	18.8%	24.6%	23.3%
2011	22.8%	17.6%	17.6%
2012	24.9%	29.8%	17.3%
2013	22.7%	38.5%	25.1%
2014	23.2%	59.5%	18.0%
2015(1)	17.8%	69.3%	16.1%

(1) Principal collection rates for 2015 relate to the collection period from January 1, 2016 to June 30, 2016 only.

	Principal collection rates in the year ended June 30, 2016 split by loan book segmentation		
	Retail loans	Short-term commercial purpose loans	Medium-and long-term commercial purpose loans
Performing	16.8%	60.8%	16.0%
Non-Performing Arrears	20.9%	29.1%	29.7%
Repossessions	53.8%	41.2%	34.7%

Our customer base includes many self-employed customers whose income streams may be somewhat more variable than privately employed customers and a proportion of customers who may go into arrears, but then maintain payments without necessarily catching up by repaying missed installments. Notwithstanding, a large proportion of our contractual arrears are owed by customers who are making regular payments. Many customers in arrears who are on payment plans pay more than their contractual monthly installment (CMI), which helps offset from a cash flow perspective the customers who we classify as non-performing that pay less than their contractual monthly installments. In addition, we also find that customers may experience a number of months in arrears and then clear the arrears with one payment, given that, for example, they are self-employed and have received payment for completion of a contract.

Actual Receipts Compared to Contractual Installments

The table below shows payments received (excluding redemption incomes) compared to contractual monthly installments for the year ended June 30, 2016. This includes customers who are on payment plans and paying more than their contractual monthly installments as well as customers in arrears and not meeting their contractual installments.

Loans in repossession (including LPA receiverships) and development loans are excluded from this analysis as income from such assets is generally received on redemption or sale of security.

Cash receipts for the year ended June 30, 2016 (IFRS)	Consolidated Group	Borrower Group
Total Loan Portfolio balance excluding Repossessions and development loans and New Advances in the period	£920.0 million	£286.5 million
Total amounts due (CMI)	£124.7 million	£ 34.0 million
Amount received	£125.7 million	£ 34.5 million
Percentage of amount due, received	100.8%	101.5%

Losses by Vintage

Our low origination LTV has historically protected the group from material losses on repossession. With respect to loans originated between the year ended June 30, 2012 and the year ended June 30, 2015 and subsequently repossessed in the year ended June 30, 2016, management estimates that the average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group were 100.0%, 100.0% and 100.0% for the group's loan portfolio, first lien loans, second lien loans, respectively. No development loans were taken into possession in the period, except for a loan repossession in June 2016 relating to a development loan underwritten in 2010 with an outstanding balance as of June 30, 2016 of £1.7 million.

Recovery Rates By Loan Vintage

Repossessions by Origination Vintage[1]	Year Ended June 30, 2016				
	2011	2012	2013	2014	2015
	(in £ millions, except for percentages)				
First lien advances	104.3	86.2	127.0	381.3	598.5
Second lien advances	89.7	70.0	92.8	176.9	233.3
Development advances	1.1	0.5	1.7	8.8	11.1
Total Advances	**195.2**	**156.7**	**221.6**	**567.0**	**842.9**
First lien repossessions	0.1	1.5	1.4	6.9	8.6
Second lien repossessions	0.1	0.1	0.1	2.5	0.8
Development repossessions	0.0	0.0	0.0	0.0	0.0
Total Repossessions	**0.2**	**1.5**	**1.5**	**9.4**	**9.4**

Repossessions by Origination Vintage[(1)]	Year Ended June 30, 2016				
	2011	2012	2013	2014	2015
	(in £ millions, except for percentages)				
Principal Loss (Realized & Expected)					
First lien	0.0	0.0	0.0	0.0	0.0
Second lien	0.0	0.0	0.0	0.0	0.0
Development loans	0.0	0.0	0.0	0.0	0.0
Total Loss	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Recovery rate (all)	100.0%	100.0%	100.0%	100.0%	100.0%
Recovery rate (first lien loans)	100.0%	100.0%	100.0%	100.0%	100.0%
Recovery rate (second lien loans)	100.0%	100.0%	100.0%	100.0%	100.0%
Development loans	N/A	N/A	N/A	N/A	N/A
Loss % of total advances	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

(1) The table above only shows repossessions carried out in the year ended June 30, 2016; therefore, it is not necessarily indicative of the repossessions carried out in prior years or expected for any future period.

Principal loss on repossession is calculated by comparing all funds advanced on a loan against all cash collected on a loan (including realized and expected security asset sales values of assets that have been repossessed).

Significant Factors Affecting Results of Operations

Loan Assets Performance

The performance of our total loan assets depends on our ability to collect each expected loan installment, including interest and principal payments, on a timely basis. This, in turn, depends in part on the strength of our underwriting process to ensure the affordability of the loan installments and to assess the sustainability of such payments based upon known factors at the time of origination, and, where relevant, the marketability and value of the underlying security. Our underwriting criteria, processes, controls and systems have been developed and refined based upon many years of experience. For each loan application, a detailed individualized assessment is made of the customer including, among other checks, an assessment of the financial position of the customer to ensure that the loan is both affordable and sustainable. In addition, an assessment of the underlying security and its valuation is undertaken. For a further explanation of our underwriting process, see "*Business—Our Operations—Retail Purpose Lending—Underwriting Process—Underwriting*" and "*Business—Our Operations—Commercial Purpose Lending—Underwriting Process*." We also have in place a formal governance framework, the "3 Lines of Defense" model, which includes a Risk Management Framework, ensuring risk management is integral to our business operations. See "*Business—Risk Management*."

Our total loan assets have historically had a higher level of arrears than the total loan assets of banks and other mortgage lending companies, due in part to the irregular incomes or cash flows, respectively, of our retail customers and commercial customers and in part to a higher percentage of our customers having an impaired credit history. At the onset of the deterioration of the economic climate in 2008, our loan arrears increased. Since then, we have increased our focus on the affordability assessment, introducing enhanced controls including higher expenditure default levels and higher buffer levels within the retail income and expenditure assessment. Due to the introduction of such measures, there has been an improvement in the credit quality of the customers to whom we have lent since 2008. As a result, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) have decreased from 4.4% for loans funded in the twelve months ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014. Since the onset of the global financial crisis, high street lenders have not been lending to certain additional types of applicant pools, which has allowed us to improve the credit quality of our new business. As of June 30, 2016, our contractual arrears greater than one month's contractual installment as a proportion of our loan portfolio, excluding repossessed and development loans, calculated by value, was 10.3%. Of this percentage, 58.8% were performing arrears loans, in respect of which arrears are equal to or less than three months' contractual installments or within the prior three months 90% or more of contractual installments due had been received.

We proactively manage our loans in arrears by using a variety of collection strategies and forbearance measures. We continuously invest in our customer relationship management based IT platform in our retail collections department, which we use to improve the efficiency and effectiveness of our collection process. For a further explanation of our collection process, see "*Business—Our Operations—Collection and Arrears Management.*" Our conservative LTV approach to lending also means that many of our customers hold significant equity in their property and therefore have an incentive to engage with us in order to find acceptable solutions should they go into arrears. When borrowers are experiencing difficulty meeting their loan commitments, we undertake an assessment of their personal and financial position and may agree to apply forbearance measures, some of which may result in a borrower paying less than their contractual installments for a specified period of time. In cases in which the underlying security is not owner occupied, we may also look to appoint an LPA receiver to divert rental income directly to ourselves.

Should a customer default on an account and our collection and forbearance measures prove to be unsuccessful, we may assist the customer in selling the property or undertake a repossession or LPA receivership. Our policy of lending at low LTVs increases the likelihood of achieving a full recovery and minimizes potential losses that we may incur. Notwithstanding the contractual arrears position of our total loan assets, due to our focus on loan affordability at origination, our conservative LTV approach to lending and our proactive collections management and processes, our actual credit losses were minimal prior to 2008 and subsequently, despite the economic downturn since 2008, principal losses have remained relatively low at no more than 0.8% of our total loan assets in each of the years between 2008 and 2016, averaging at 0.4% over this period. For loans originated since January 2011 the Company has crystalized principal losses of £86 thousand on £2,711 million of loan originations. In stress testing our loan portfolio and the Borrower Group's loan portfolio as of June 30, 2016, a 20% decline to indexed valuations on a loan by loan analysis, would result in additional negative equity exposure of approximately £21.0 million and £19.4 million, respectively.

Macroeconomic Conditions

Our business is impacted by general business and economic conditions in the United Kingdom. In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact our levels of arrears. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*." At the onset of the deterioration of the economic climate in 2008, our loan arrears increased. Since January 2009, our loan arrears have stabilized and from January 2011 have been steadily decreasing. Our contractual arrears greater than one month's contractual installment as a proportion of our loan portfolio, calculated by value have decreased from 19.8% as of June 30, 2014, 13.7% as of June 30, 2015, pursuant to UK GAAP, and 10.3% as of June 30, 2016, pursuant to IFRS. A large proportion of the contractual arrears consists of customers who are making regular payments in line with agreed payment plans. As of June 30, 2016, 58.8% of contractual arrears were performing arrears loans, in respect of which arrears are equal to or less than three months' contractual installments or within the prior three months, 90% or more of contractual installments due had been received.

In an economic downturn, customers are also less likely to redeem their mortgage loans, as a result of banks and other lenders having reduced levels of liquidity with which customers can refinance their mortgages, lenders tightening their lending criteria and customers being less likely to meet lending criteria. Redemption levels impact the levels of new business we are able to underwrite and thus the amount that we earn in redemption and upfront fees.

Our results of operations are also affected by changes in prevailing interest rates in the United Kingdom. An increase in prevailing interest rates increases the cost of servicing some of our borrowings. Although our total loan assets consists primarily of variable rate mortgage loans and we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. An increase in interest rates can also adversely affect the credit quality of the customers to whom we lend and our loan origination volumes as loans become less attractive to customers. See "*—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk*."

Property Market

Our business is impacted by levels of activity in the property market as well as property prices, both of which are influenced by, among other things, general business and economic conditions, including as a result of Brexit, which has led to heightened uncertainty. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the mortgage market in the United Kingdom may materially affect our business, results of operations and financial condition*" and "*Risk Factors—Risks Relating to Our Business—The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations*." Growing levels of activity in the property market (independent of property prices) are likely to increase demand for our mortgage loans, and, conversely, lower levels of activity are likely to reduce demand. Levels of activity in the property market may be impacted by various economic, regulatory and fiscal factors. For instance, in recent years the UK Government has announced changes to the tax treatment and stamp tax duty with respect to buy-to-let investments which may negatively affect levels of activity in that particular market. See "*Risk Factors—Risks Relating to Our Business—The initiatives of the UK Government related to the buy-to-let market may adversely affect our business, results of operation and financial condition.*"

Levels of activity within the mortgage market are dependent on many factors, including lender liquidity, the ability of borrowers to raise sufficient deposit amounts and lenders' risk appetite. Generally, rising property prices are likely to increase demand for mortgage loans, whereas falling property prices are likely to decrease demand. Notwithstanding, specific mortgage products may have the opposite characteristic. Lower prices, for example, may attract investors who can earn a higher yield from buy-to-let investments.

Property prices also impact the LTV of our loans. As property prices increase, the amount of equity that mortgage borrowers hold in their property increases, and as property prices decrease, equity levels also decrease. Increased levels of equity provide borrowers with greater financial flexibility, which they may use to refinance or borrow additional amounts, which results in increased redemption and new business levels. As described above, redemption levels impact the levels of new business that we are able to underwrite and the amount that we earn in redemption fees as well as upfront fees. Rising property prices also improve the security profile of our total loan assets. Falling property prices in turn result in higher LTVs and potentially lower recoveries in connection with the repossession process.

Competition

Competition in the mortgage loan industry can take many forms, including, among others, loan offerings and interest rates. See "*Risk Factors—Risks Relating to Our Business—We face competition from other mortgage lenders that could materially adversely affect us*." Competition levels could impact the acquisition cost of obtaining business along with the interest rates and fees that we can charge for our mortgage loans as well as the credit quality of the customers to which we lend. During the most recent global financial crisis, the number of competitors in our market segments decreased considerably, thereby allowing us to strengthen our margins and improve the credit quality of the new business we have underwritten. The economic environment has since improved and certain competitors have re-entered our market segments, alongside with new competitors, which has resulted in a reduction in yields on our new mortgage loans. Margin compression has, however, partially been mitigated as our cost of funding has also decreased. In addition, in the past couple of years, we have been able to enter additional niche market segments, which are no longer served by other lenders, in particular by high street lenders.

Funding

We currently fund our total loan assets from cash provided by operations, shareholder reserves, the Original Senior Secured Notes (refinanced with the proceeds of the Senior Secured Notes issued on October 13, 2016), the Revolving Credit Facility, the Conduit Securitizations and the Existing Subordinated Shareholder Loan Notes. The volume of loans we are able to originate is limited in part by the amount of funding available to us. If we are unable to secure cost effective financing arrangements in the future, we may not be able to increase the number of mortgage loans we would like to originate as part of our growth strategy or maintain the existing level of our total loan assets. See "*Risk Factors—Risks Relating to Our Business—Our business relies in part on bank financing to fund mortgage loans. If one of our financings is terminated or is not renewed in whole or in part, we may be unable to find replacement financing on commercially favorable terms, or at all, which could have a material adverse effect on our business, results of operations and financial condition*."

Regulatory Considerations

Our results of operations are affected by a number of laws and regulations. Regulatory changes may affect our markets, competitive landscape and our operations. Certain of our business operations are regulated by the FCA. For additional information, see "*Regulation*." We have invested, and continue to invest, in quality assurance and compliance and our Risk Management Framework. See "*Business—Risk Management*" and "*Business—Compliance and Quality Control*." We also use third party regulatory specialist advisors to support our business operations.

Factors Affecting Comparability

Until July 1, 2015, we prepared our financial statements on the basis of UK GAAP. From July 1, 2015, we have prepared our financial statements in accordance with IFRS such that the report as of and for the year ended June 30, 2016 included in this offering memorandum has been prepared in accordance with IFRS. As part of the transition to IFRS and in order to produce comparative historical results for our first full year reporting pursuant to IFRS, which is the year ending June 30, 2016, we have applied IFRS 1, First-time Adoption of International Financial Reporting Standards designating July 1, 2014 as the opening financial statements date of transition. As a result, we also prepared financial statements pursuant to IFRS for the full year ended June 30, 2015. The audited consolidated financial statements of Jerrold Holdings as of and for the year ended June 30, 2016 include audited comparative financial information as of and for the year ended June 30, 2015. IFRS 1 requires us to determine our accounting policies according to IFRS and apply these retrospectively to determine our consolidated opening balance sheet pursuant to IFRS at the date of transition.

IFRS differs in certain significant respects from UK GAAP. The significant differences between UK GAAP and IFRS in respect of our financial statements include the following differences:

Interest income was recognized pursuant to UK GAAP in the income statement using the contractual rate of the loan to the extent that it was considered recoverable. Pursuant to IFRS, interest income is now recognized using effective interest rate ("**EIR**") method on the unimpaired carrying value.

Previously pursuant to UK GAAP, fee income and expenses directly attributable to the origination of financial assets were recognized on origination. Additionally, "suspended" interest income on financial assets considered unrecoverable was not recognized. Pursuant to IFRS, fees and expenses relating to the origination of financial assets are included in the EIR over the expected lives of the assets. Income is no longer suspended pursuant to IFRS but recognized at the EIR on the carrying value of the impaired financial asset. Financial assets and liabilities held at amortized cost pursuant to IFRS include the amount of any cumulative amortization, calculated using the EIR method of any fees and costs which are included as part of interest income or expense under EIR.

The principal difference in the measurement of impairment provisions on our loans and advances to customers pursuant to IFRS is that the estimated future cash flows used to determine the provisions are discounted at the loans' original EIRs, while under UK GAAP the future cash flows are undiscounted. The additional initial provisions recognized under IFRS represented by the discount are then unwound as additional interest income over the period that the future cash flows are realized. As such the impairment provisions on financial assets identified as impaired are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted using the asset's EIR. As a result of the above differences, both interest income and allowances for impairment are higher pursuant to IFRS than interest income and provisions for bad and doubtful debts pursuant to UK GAAP.

Pursuant to UK GAAP, there was a close correlation between negative equity exposure and how we provided for bad and doubtful debts, while pursuant to IFRS, due to the basis of calculation, a movement in negative equity would not have an equivalent corresponding movement in allowances for impairment. While the transition to IFRS does not impact our cash loss, any movement in negative equity exposure could result in a greater or lesser movement in our allowances for impairment. See "*—Critical Accounting Policies (IFRS)—Impairment of financial assets*." A summary of the main changes resulting from the transition to IFRS as of June 30, 2015 has been included in "*—UK GAAP to IFRS Reconciliations.*"

Internally developed computer systems costs were previously recognized pursuant to UK GAAP as a tangible fixed asset and depreciated on a straight line basis over their useful economic lives. The policy pursuant to IFRS is that these costs are capitalized as intangible assets and amortized over their useful economic lives.

Another difference between UK GAAP and IFRS is the presentation of the statement of cash flows. We previously prepared our cash flow in accordance with UK Financial Reporting Statement 1 'Cash Flow Statements'. Its objectives and principles are similar to those set out in IAS 7 'Statement of Cash Flows', the standard under IFRS dealing with cash flow statements. Pursuant to UK GAAP, we presented our cash flows by operating activities; returns on investments and servicing of finance; taxation; capital expenditure and financial investment; and financing. Pursuant to IFRS, only three categories are required. These are operating, investing and financing. This results in a change in the way that some transactions are classified when comparing UK GAAP to IFRS.

For the years ended June 30, 2014 and 2015, EBITDA margin is calculated as EBITDA divided by turnover (pursuant to UK GAAP). Such a measure can be used to assess financial performance; however, it must be noted that this is neither pursuant to IFRS nor UK GAAP. See *"—Other Financial Information (Non-IFRS)—EBITDA"* and *"—Other Financial Information (Non-UK GAAP)—EBITDA."* However, as turnover is not a line item pursuant to IFRS, for purposes of calculating EBITDA margin, pursuant to IFRS, for the years ended June 30, 2015 and 2016, in lieu of turnover, we add the following IFRS line items of (i) interest receivable and similar income, (ii) fee and commission income and (iii) other income is used. As a result, our EBITDA margin presented pursuant IFRS period is not comparable to our EBITDA margin presented for periods prepared in accordance with UK GAAP.

For the above reasons, our consolidated financial information prepared pursuant to IFRS, as of and for the years ended June 30, 2015 and June 30, 2016 are not comparable to our financial information as of and for the years ended June 30, 2015 and June 30, 2014, in accordance with UK GAAP. See "*Risk Factors—Risks Relating to Our Business—We recently transitioned to financial reporting from UK GAAP to IFRS, which differs in certain significant respects from UK GAAP under which we have historically reported.*"

UK GAAP to IFRS Reconciliations

The implementation of IFRS resulted in a reduction of our reported net asset position by £14.6 million as of June 30, 2015.

	June 30, 2015					
Balance Sheet/ Statement of Financial position	**UK GAAP**	**Loan book conversion to IFRS**	**Suspended collection fee income**	**Deferred Tax**	**Total Adjustment**	**IFRS**
	(£ in million)					
Non-current assets	5.4	—	—	3.5	3.5	8.9
Loans	1,441.6	(18.1)	—	—	(18.1)	1,423.5
Other current assets	6.1	—	(0.1)	—	(0.1)	6.0
Total assets	1,453.1	(18.1)	(0.1)	3.5	(14.7)	1,438.4
Total liabilities	(996.5)	—	—	0.1	0.1	(996.4)
Net assets	456.6	(18.1)	(0.1)	3.6	(14.6)	442.0
Equity	456.6	(18.1)	(0.1)	3.6	(14.6)	442.0

With respect to any income that was suspended prior to June 30, 2014, pursuant to UK GAAP, such suspended income was captured into the opening loan balances for the purposes of the preparation of financial statements pursuant to IFRS.

The effect of the implementation of IFRS results in a reduction in the net loan book by £18.1 million, from £1,441.6 million, pursuant to UK GAAP, to £1,423.5 million pursuant to IFRS, while a deferred tax asset of £3.6 million is created due to the reduction in the reserves position.

Income Statement Reconciliation Following the Date of Transition to IFRS (for the year ended June 30, 2015)

The implementation of IFRS resulted in an increase in profit after tax of £3.7 million for the year ended June 30, 2015, from £55.1 million, pursuant to UK GAAP, to £58.7 million, pursuant to IFRS, for the same period.

	Year ended June 30, 2015		
Income statement/ Statement of comprehensive income	**UK GAAP**	**Transition Adjustment**	**IFRS**
	(£ in thousands)		
Income[(1)]	154,141	12,978	167,119
Impairment losses	852	(8,351)	(7,499)
Other expenses and interest payable[(2)]	(84,852)	(4)	(84,856)
Profit before taxation	70,141	4,623	74,764
Income tax	(15,078)	(939)	(16,017)
Profit on ordinary activities after taxation	**55,063**	**3,684**	**58,747**

(1) In accordance with IFRS, income represents operating income, adding back interest payable and similar charges as set out in the statement of comprehensive income. Pursuant to UK GAAP, income represents the sum of gross profit, other operating income and gain on sale of investment property as set out in the profit and loss account in accordance with UK GAAP.

(2) In accordance with IFRS, other expenses and interest payable represents the sum of administrative expenses, depreciation and amortization, negative goodwill and interest payable and similar charges, as set out to the statement of comprehensive income. In accordance with UK GAAP, other expenses and interest payable represents the sum of administrative expenses, interest payable and similar charges, interest receivable and similar income, as set out in the profit and loss account.

The implementation of IFRS resulted in an increase in income by £13.0 million while the impairment losses have also increased by £8.4 million, primarily due to the adoption of the EIR method pursuant to IFRS which requires any interest charged to accounts to be recognized and if necessary immediately impaired. The discounting of expected future cash flows and the subsequent unwinding of the discount (as discussed earlier) also contributes to an increase in income and impairment losses. Therefore, both the interest income and impairment losses will be greater pursuant to IFRS than pursuant to UK GAAP.

Previously pursuant to UK GAAP, fee income and expenses directly attributable to the origination of financial assets were recognized on origination. Additionally, "suspended" interest income on financial assets considered unrecoverable was not recognized. Pursuant to IFRS, fees and expenses relating to the origination of financial assets are included in the EIR over the expected lives of the assets. Income is no longer suspended pursuant to IFRS but recognized at the EIR on the carrying value of the impaired financial asset.

Critical Accounting Policies (IFRS)

Interest Income and Expense

Interest income and expense are recognized in the statement of comprehensive income for all instruments measured at amortized cost using the EIR method. The EIR method calculates the amortized cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The EIR is the rate, at inception of the instrument, that discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the EIR, we take into account all contractual terms of the financial instrument but do not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument. Interest on impaired financial assets is recognized at the original EIR applied to the carrying amount as reduced by an allowance for impairment.

Fee and Commission Income and Expense

Fees and commissions which form part of the EIR of a financial instrument are recognized as an adjustment to the contractual interest rate and recorded in interest income. Fees and commissions which are not considered integral to the EIR are generally recognized on an accruals basis when the service has been provided. Fees and commissions expense consists primarily of legal and valuations fees and credit search fees.

Impairment of Financial Assets

We regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses incurred if, and only if, there is objective evidence of impairment as a result of one of more loss events that occurred after the initial recognition of the assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original EIR. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognized in the income statement. Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, we use our experienced judgment to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgments and reasonable estimates is considered by management to be an essential part of the process and improves reliability. Where a loan is uncollectable, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loan's original EIR. Impairment losses determined on a portfolio basis are calculated using a formulaic approach which allocates a loss rate dependent on the arrears status of the loan. Loss rates are based on the discounted expected future cash flows from historical experience and are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Impairment losses are typically calculated by applying certain assumptions, such as the time taken to dispose of securities and the discount applied to securities in the event of a forced sale. We pool assets into categories of product type and apply assumptions based on such product type. Such assumptions are reviewed on a half yearly basis to ensure that our judgments are accurate. Impairment is calculated for each loan as its probability of default ("**PD**") multiplied by its expected loss given default ("**LGD**"). PDs range from nil% for unimpaired loans to 100% for loans meeting the definition of default, and are calculated by analyzing the past movements in arrears of the loan book according to product type. LGD represents the difference between carrying value and the discounted future cash flows. In calculating LGD, it is necessary to estimate future cash flows from the realization of security by using the best estimated current property values, which are regularly updated using the latest Halifax House Price Index. For loans which have not been revalued recently, we apply forced sales discounts based upon historical data and also apply cost of sale assumptions. We then apply a discount factor the same as which is used for the EIR calculation. The discount rate is applied for the period to the expected receipt of disposal proceeds, the duration of which we assess based on historical data.

For more information about critical accounting policies pursuant to IFRS, see page F-12 of this offering memorandum.

Critical Accounting Policies (UK GAAP)

Suspended Income Policies

All customer loan accounts are individually assessed for indicators of impairment on a monthly basis using a system generated evaluation report that is subject to manual review and adjustments. A loan is considered for suspended income purposes when the loan meets any of the following criteria:

(i) the loan has been in arrears for more than one month and has an LTV of greater than 97.5%;

(ii) the loan is past its original term and has not been fully paid;

(iii) the property securing the loan has been repossessed or similar;

(iv) a change in status of the borrower, such as fraud or death; or

(v) the loan has an LTV of greater than 100%.

Income is suspended automatically under criteria (i) above and subject to a manual review under criteria (ii)-(v) above.

Income is suspended where a loan has arrears greater than one month's contractual installments and the loan balance exceeds 97.5% of the valuation of the security, taking into account any loans with higher priority liens, subject to a maximum equal to the amount of the interest and charges applied to the loan account.

Suspended income thereby reduces the income reflected in the profit and loss account as turnover.

Provisions for Bad and Doubtful Debts

In addition to applying suspended income, we have a specific bad and doubtful debts provision, an incurred but not reported provision and an indexation provision.

Specific provisions are made when the recoverability of the principal amount of a mortgage loan is doubtful, in whole or in part. Incurred but not reported loss provisions are made to cover losses that are judged to be present in loans at the reporting date but which have not been specifically reported as such.

A loan is considered for specific bad and doubtful debts provisioning purposes when the loan meets any of the following criteria:

(i) the loan has been in arrears for more than three months and has an LTV greater than 97.5%;

(ii) the loan is past its original term and has not been fully paid;

(iii) the property securing the loan has been repossessed or similar;

(iv) a change in status of the borrower, such as fraud or death; or

(v) the loan has an LTV of greater than 100%.

Specific bad and doubtful debts provisions are applied automatically under criteria (i) above and subject to a manual review under criteria (ii)—(v) above.

Specific bad and doubtful debts provisions are made where a loan has arrears greater than three months' contractual installments and the principal loan balance exceeds 97.5% of the valuation of the security, taking into account any loans with higher priority liens, subject to a maximum equal to the principal loan balance.

Adjustments may be made to reduce the specific bad and doubtful debts provision, for example, additional security on cross guarantees or active claims against third parties for professional negligence, such as valuers and solicitors. In the latter case, our adjustment is only made where we believe, after taking appropriate legal advice, that such third party's actions were a contributing factor to any loss and a claim is likely to succeed.

In addition to the specific bad and doubtful debts provision for individually assessed accounts, an incurred but not reported loss provision is made after both suspended income, specific bad and doubtful debts provisions and indexation provisions. We also carry out an indexation provision review, pursuant to which we consider the impact of changes in our valuations to take into account the latest movements in house price indices. We use third-party house price regional indices for the purposes of these calculations, using the same methodology as for the suspended income policies and the specific bad and doubtful debts provisions with indexed valuations. The specific bad and doubtful debts provision, the incurred but not reported provision and the indexation provision are charged to operating profit as part of administrative expenses.

For more information about critical accounting policies pursuant to UK GAAP, see page F-67 of this offering memorandum.

Description of Statement of Comprehensive Income Items (IFRS)

Set forth below is a brief description of the composition of the line items of our statement of comprehensive income.

Interest Receivable and Similar Income

Interest income is recognized in the statement of comprehensive income for all instruments measured at amortized cost using the effective interest method. See "*—Critical Accounting Policies (IFRS)—Interest income and expense*."

Interest receivable and similar income also includes arrangement fee income, bridging renewal fee income for the extension of bridging facilities and are net of commission costs, all of which are spread across the estimated life of the loan.

Interest Payable and Similar Charges

Interest payable and similar charges consist of interest payable on borrowings (including bank loans, the Original Senior Secured Notes, the Conduit Securitizations, the Revolving Credit and other indebtedness).

Interest payable and similar charges also include amortization of the debt issuance costs in relation to the Revolving Credit Facility, the Original Senior Secured Notes and the Conduit Securitizations.

Fees and Commission Income

Fees and commission income consists of new business income arising on or during the life of the loan to the extent that it does not form part of the EIR calculation. Fee and commission income include title insurance fees and legal fees (which includes the cost of legal and title work performed in-house), collection fees chargeable for accounts in arrears (excluding accounts where borrowers are adhering to agreed payment plans) and insurance fees chargeable for the administration of arranging insurance where the borrower has failed to comply with the insurance provisions of the loan agreement.

Fees and Commission Expense

Fees and commission expenses primarily consist of costs associated with the origination of new business, which do not form a part of the EIR calculation and include third party costs such as credit agency reference and valuation expenses and the cost of title insurance.

Other Income

Other income consists of rental income in relation to a small number of rented stock properties, the sublet of part of the office space, as well as income from the disposal of stock properties.

Other Gains/(Losses)

Other gains / (losses) consist of the net gain or loss that arises upon the disposal of investment properties held by the Group relating to a small investment property portfolio that is gradually being sold off.

Administrative Expenses

Administrative expenses consist primarily of staff salaries and the cost of associated benefits, temporary staff costs, professional fees of advisors and consultants, property overhead expensed, marketing costs and information technology costs.

Impairment Losses

Impairment losses broadly arise when the carrying value of a loan exceeds the present value of expected future cash receipts including the expected sale receipt of the associated security. Such losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. See "*Critical Accounting Policies (IFRS)—Impairment of financial assets*."

Taxation

Tax on profit on ordinary activities consist of the sum of (i) current tax which is the expected tax payable on the taxable income for the period plus any adjustments in respect of tax payable for prior periods, and (ii) deferred tax which relates to the origination and reversal of timing differences plus adjustments in respect of prior years (including transitional adjustments for the conversion to IFRS and effect of tax rates).

Other Financial Information (Non-IFRS)

Set forth below is a brief description of the other financial information included in our results of operations.

EBITDA

EBITDA is profit on ordinary activities after taxation before interest payable and similar charges, tax on profit on ordinary activities and amortization, depreciation and negative goodwill. Accordingly, EBITDA can be extracted from our IFRS consolidated financial statements by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, income tax and amortization, depreciation and negative goodwill. With respect to the years ended June 30, 2015 and 2016, and going forward, EBITDA margin is calculated as EBITDA divided by the sum of interest receivable and similar income, fees and commissions received and other income (pursuant to IFRS).

EBITDA-based measures are not measurements of financial performance pursuant to IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Our management believes that the presentation of EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA in this offering memorandum may be different than the calculation of EBITDA under the Indenture. See "*Presentation of Financial and Other Information.*" For a reconciliation of profit on ordinary activities to EBITDA, please see footnote 1 to the IFRS financial information presented in "*Summary Historical Financial Information.*"

Results of Operations

Year Ended June 30, 2015 Compared with the Year Ended June 30, 2016

The table below sets forth certain statement of comprehensive income data for the year ended June 30, 2015 and 2016.

	Year Ended June 30, 2015	Year Ended June 30, 2016	Percentage change
	(IFRS) (£ in thousands)		(%)
Interest receivable and similar income	164,401	210,837	28.2
Interest payable and similar charges	(52,289)	(67,547)	29.2
Net interest income	112,112	143,290	27.8
Fees and commission income	4,048	4,219	4.2
Fees and commission expense	(1,378)	(1,680)	21.9
Other income	552	138	(74.9)
Other gains / (losses)	(504)	—	—
Operating income	114,830	145,967	27.1
Administrative expenses	(31,732)	(40,492)	27.6
Depreciation and amortization	(957)	(1,380)	44.2
Operating profit	82,141	104,095	26.7
Impairment losses	(7,499)	(13,766)	83.6
Profit before negative goodwill	74,642	90,329	21.0
Negative goodwill	122	—	—
Profit before taxation	74,764	90,329	20.8
Income tax	(16,017)	(18,561)	15.9
Profit on ordinary activities after taxation	58,747	71,768	22.2
EBITDA	127,888	159,256	24.5
EBITDA margin(%)	75.7%	74.0%	

Interest Receivable and Similar Income

Interest receivable and similar income in the year ended June 30, 2016 was £210.8 million compared to £164.4 million in the year ended June 30, 2015, an increase of £46.4 million or 28.2%, primarily due to an increase in the size of our average total loan assets to £1,612.1 million from £1,238.5 million, or 30.2%, offset by a slight reduction in our rate of return earned on our average total loan assets from 13.3% to 13.1%. The reduction in the rate of return was primarily due to a reduction in nominal rates on new loans originated in the period.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2016 was £67.5 million compared to £52.3 million in the year ended June 30, 2015, an increase of £15.3 million or 29.2%. This is largely due to an increase in debt levels to support the growth of our loan book.

Net Interest Income

Net interest income in the year ended June 30, 2016 was £143.3 million compared to £112.1 million in the year ended June 30, 2015, an increase of £31.2 million or 27.8%, for the reasons described above.

Fees and Commission Income

Fees and commission income in the year ended June 30, 2016 was £4.2 million compared to £4.0 million in the year ended June 30, 2015, an increase of £0.2 million or 4.2%. This is due to an increase in title insurance as the level of new business has increased, offset by reductions in collection fees chargeable to accounts in arrears due to improvements in the performance of the loan book.

Fees and Commission Expense

Fees and commission expense in the year ended June 30, 2016 was £1.7 million compared to £1.4 million in the year ended June 30, 2015, an increase of 21.9%. This is primarily due to an increase in title insurance costs as the level of new loan origination has increased.

Operating Income

Operating income in the year ended June 30, 2016 was £146.0 million compared to £114.8 million in the year ended June 30, 2015, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2016 were £40.5 million compared to £31.7 million in the year ended June 30, 2015, an increase of £8.8 million or 27.6%. The increase is primarily due to costs associated with the increasing headcount to support new business growth and included a £1.2 million charge in relation to the Management Incentive Plan, not previously recognized. Marketing costs also contributed to the increase in administrative expenses due to the costs associated with the launch and promotion of our new brand "Together."

Depreciation and Amortization

Depreciation and amortization in the year ended June 30, 2016 was £1.4 million compared to £1.0 million in the year ended June, 2015, an increase of £0.4 million or 44.1%. The increase in depreciation and amortization is a result of ongoing investment in IT infrastructure and software development.

Operating Profit

Operating profit in the year ended June 30, 2016 was £104.1 million compared to £82.1 million in the year ended June 30, 2015, an increase of £22.0 million or 26.7%, for the reasons described above.

Impairment Losses

Impairment losses in the year ended June 30, 2016 were £13.8 million, compared to £7.5 million in the year ended June 30, 2015, an increase of £6.3 million or 83.6%. The increase in impairment losses is primarily due to allowances made to reflect provisions for forbearance, further small write offs on historical loans and beneficial changes made to default assumptions made in the year ended June 30, 2015 on the time taken to dispose of certain loan securities, resulting in a release to impairment losses in the year ended June 30, 2015.

The ratio of impairment losses to our loan book has increased slightly to 0.8% in the year ended June 30, 2016 from 0.5% in the year ended June 30, 2015.

Profit Before Taxation

Profit before taxation in the year ended June 30, 2016 was £90.3 million compared to £74.8 million in the year ended June 30, 2015, an increase of £15.5 million or 20.8%, for the reasons described above.

Income Tax

Income tax charge in the year ended June 30, 2016 was £18.6 million compared to £16.0 million in the year ended June 30, 2015, an increase of £2.6 million or 15.9%, due to a growth in profit levels, which was partially offset by the reduction in the effective tax rate from 21.4% to 20.5% due mainly due the UK rate of corporation tax reducing from 21% to 20% in April 2015.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation in the year ended June 30, 2016 was £71.8 million compared to £58.7 million in the year ended June 30, 2015, an increase of £13.1 million or 22.2%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2016 was £159.3 million compared to £127.9 million in the year ended June 30, 2015, an increase of £31.4 million or 24.5%, for the reasons described above. EBITDA margin in the year ended June 30, 2016 was 74.0% compared to 75.7% in the year ended June 30, 2015 for the reasons described above.

Description of Profit and Loss Items (UK GAAP)

Set forth below is a brief description of the composition of the line items of our profit and loss account.

Turnover

The majority of our turnover is derived from interest and fees recoverable on loans. Additional turnover consists of income from the disposal of properties, which relates to a portfolio of properties owned by the group that is gradually being sold off, associated rental income, fee and commission income and the invoiced value (excluding VAT) for goods and services provided to third parties. Interest income is recognized on an accruals basis. Other finance related fees receivable are credited to income when they are earned. Income from disposal of properties is recognized at completion of sale, with the related cost recognized within cost of sales.

Fee income on new loans includes arrangement fees, title insurance fees and legal fees (which cover the cost of legal and title work performed in-house), all of which are typically charged on the funding of the loan and capitalized into the loan facility. Fee income during the life of the loan includes administration fees, collection fees chargeable for accounts in arrears (excluding accounts where borrowers are adhering to agreed payment plans), insurance fees chargeable for administration of arranging insurance where the borrower has failed to comply with the insurance provisions of the loan agreement and bridging renewal fees for extension of bridging facilities. Commission income comprises income we receive when we refer potential borrowers to whom we cannot lend, including for falling outside our lending criteria, to other lenders.

All turnover is stated net of suspended income and value added tax. We suspend income to prevent income being recognized where there are indicators of impairment. See "—*Loan Provisionary Policy*."

Cost of Sales

Cost of sales includes the direct costs primarily associated with the origination of new business including fees and commissions payable to brokers along with third party costs such as credit agency reference and valuation expenses. Cost of sales also includes the writing off of the carrying value of the properties from the portfolio of properties owned by the group upon a sale.

Administrative Expenses

Administrative expenses consist primarily of staff salaries and the cost of associated benefits, provisions for bad and doubtful debts expensed to our income statement. The balance of expenses, which are semi-fixed in nature, include professional fees of advisors and consultants, information technology costs, property overheads and a number of small administrative expenses. Provisions for bad and doubtful debts include the reversal of prior over provisions where we or the client have been successful in selling the property or refinancing at amounts above the levels for which provisions were previously made.

Loss on Sale of Investment Properties

Loss on sale of investment properties consists of the net loss arising from the sale of investment properties relating to a small investment property portfolio that is gradually being sold off.

Interest Payable and Similar Charges

Interest payable and similar charges consists of interest payable on bank loans, the Original Senior Secured Notes, the CABS Securitization, the Existing Subordinated Shareholder Loan Notes and other indebtedness.

Interest payable and similar charges also included amortization of the debt issuance costs in relation to the Revolving Credit Facility, the Original Senior Secured Notes and the CABS Securitization.

Interest Receivable and Similar Income

Interest receivable and similar income consists of interest earned on cash deposits and other interest earned.

Tax on Profit on Ordinary Activities

Tax on profit on ordinary activities consists of the sum of (i) the current tax charge, which is the expected tax payable on the taxable income for the period plus any adjustments in respect of tax payable for prior periods, and (ii) the movement in deferred tax charges, which relates to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Other Financial Information (Non-UK GAAP)

Set forth below is a brief description of the other financial information included in our results of operations.

EBITDA

EBITDA is profit on ordinary activities after taxation before interest payable and similar charges, interest receivable and similar income, tax on profit on ordinary activities and amortization, depreciation and negative goodwill. Accordingly, EBITDA can be extracted from our consolidated financial statements by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, interest receivable and similar income, tax on profit on ordinary activities and amortization, depreciation and negative goodwill. For the years ended June 30, 2014 and 2015, EBITDA margin is calculated as EBITDA divided by turnover (pursuant to UK GAAP).

EBITDA-based measures are not measurements of financial performance pursuant to UK GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with UK GAAP. Our management believes that the presentation of EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA in this offering memorandum may be different than the calculation of EBITDA under the Indenture. See "*Presentation of Financial and Other Information*." For a reconciliation of profit on ordinary activities to EBITDA, please see footnote 1 to "*Selected Historical Financial Information*."

Year Ended June 30, 2014 Compared with Year Ended June 30, 2015

The table below sets forth certain profit and loss account data for the years ended June 30, 2014 and 2015.

	Year Ended June 30,		Percentage change
	2014	2015	
	(UK GAAP)(£ in millions)		(%)
Turnover	129.7	165.5	27.6
Cost of Sales	(5.8)	(11.5)	99.3
Gross Profit	124.0	154.0	24.2
Administrative Expenses	(26.8)	(31.8)	18.8
Operating Profit	97.2	122.3	25.8
Gain (/loss) Sale of Investment Properties	N/M	N/M	N/M
Interest Payable and Similar Charges	(45.2)	(52.2)	15.5
Interest Receivable and Similar Income	N/M	N/M	N/M
Profit on Ordinary Activities before Taxation	52.0	70.1	34.8
Tax on Profit on Ordinary Activities	(11.4)	(15.1)	32.5
Profit on Ordinary Activities after Taxation	40.7	55.1	35.5
Minority Interests	N/M	N/M	N/M
Retained Profit for the Financial Year	40.7	55.1	35.5
EBITDA	97.6	123.3	26.3
EBITDA margin (%)	75.2%	74.5%	(0.9)

Turnover

Turnover in the year ended June 30, 2015 was £165.5 million compared to £129.7 million in the year ended June 30, 2014; an increase of £35.8 million or 27.6%, primarily due to an increase in our loan book. Interest income in the year ended June 30, 2015 was £141.4 million compared to £114.7 million in the year ended June 30, 2014, an increase of £26.7 million or 23.7%, primarily due to an increase in the size of our average total loan assets from £1,028.1 million to £1,258.9 million, an increase of £230.8 million or 22.4%. The rate of return of our average total loan assets remained stable at 11.2%. Other loan receipts in the period ended June 30, 2015 was £24.1 million compared to £15.0 million, an increase of £9.1 million or 60.0%.

Cost of Sales

Cost of sales in the year ended June 30, 2015 was £11.5 million compared to £5.8 million in the year ended June 30, 2014. The increase is due to new advances increasing to £725.1 million from £338.9 million marginally offset by an improvement in the new business cost as a percentage of new advances reducing to 1.6% compared to 1.7% in the year ended June 30, 2014.

Gross Profit

Gross profit in the year ended June 30, 2015 was £154.0 million compared to £124.0 million in the year ended June 30, 2014, an increase of £30 million or 24.2%, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2015 were £31.8 million compared to £26.8 million in the year ended June 30, 2014, an increase of £5 million or 18.8%. This is largely due to an increase in costs in relation to staff due to growth in headcount of employees and senior management, marketing costs, depreciation, marketing, legal and professional fees, partially offset by a write back of the bad debt provision of £0.9 million.

Bad and doubtful debts provisioning costs write backs in the year ended June 30, 2015 were £0.9 million compared to £1.2 million costs in the year ended June 30, 2014. The movement from a bad debt charge to a bad debt write back was largely due to favorable movements in the Halifax House Price Index. The ratio of bad and doubtful debts to our average total loan assets was (0.1%) in the year ended June 30, 2015 (pursuant to UK GAAP) compared to 0.6% in the year ended June 30, 2014 (pursuant to UK GAAP).

Operating Profit

Operating profit in the year ended June 30, 2015 was £122.3 million compared to £97.2 million in the year ended June 30, 2014, an increase of £25.1 million or 25.8%, for the reasons described above.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2015 were £52.2 million compared to £45.2 million in the year ended June 30, 2014, an increase of £7.0 million or 15.5%. This is due to an increase in debt levels to support growth of the loan book.

Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation in the year ended June 30, 2015 was £70.1 million compared to £52.0 million in the year ended June 30, 2014, an increase of £18.1 million or 34.8%, for the reasons described above.

Tax on Profit on Ordinary Activities

Tax on profit on ordinary activities in the year ended June 30, 2015 was £15.1 million compared to £11.4 million in the year ended June 30, 2014, an increase of £3.7 million or 32.5%.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation in the year ended June 30, 2015 was £55.1 million compared to £40.7 million in the year ended June 30, 2014, an increase of £14.4 million or 35.5%, for the reasons described above.

Retained Profit for the Financial Year

Retained profit for the financial year in the year ended June 30, 2015 was £55.1 million compared to £40.7 million in the year ended June 30, 2014, an increase of £14.4 million or 35.5%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2015 was £123.3 million compared to £97.6 million in the year ended June 30, 2014, an increase of £25.7 million or 26.3%, for the reasons described above. EBITDA margin in the year ended June 30, 2015 and 2014, was generally stable at 74.5% and 75.2%, respectively.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, other commitments, contractual obligations and acquisitions. Liquidity risk is the risk that we would be unable to meet our current and future financial obligations as they fall due or can do so only at excessive cost. Our primary sources of liquidity are provided by our cash from operating activities, the Conduit Securitizations, the Senior Secured Notes and the Revolving Credit Facility. Our liquidity requirements arise primarily to fund our loan originations, to meet our debt services obligations and to meet our operating costs.

As of June 30, 2016, we had cash balances of £76.5 million, of which £76.0 million was held in Conduit Securitizations consisting of £47.8 million and £28.1 million held at Charles Street ABS and Lakeside ABS, respectively. Of the £76.0 million, £49.3 million, was unrestricted cash, with the remaining £26.7 million being restricted as part of the CABS Securitization and the LABS Securitization.

We monitor our liquidity position as compared to our business plan taking into consideration customer redemption activity levels, recurring turnover levels, new business levels and planned expenditure on a regular basis. Although redemptions and repayments ("**cash receipts**") can have significant monthly variations, cash receipts tend to be stable and reasonably predictable over an extended period of time.

We use the headroom in our credit facilities, in combination with cash flows from redemptions, as a liquidity buffer. We monitor this liquidity credit buffer on a daily basis to ensure there are sufficient liquid assets at all times to cover cashflow movements and to enable us to meet our financial obligations and commitments when they fall due. Within our commitments we include liquidity to cover for the outstanding pipeline of loan offers. Although certain pipeline offers may not be legally binding, the failure to honor an expression of intent to finance a loan contract could otherwise cause customer detriment and result in reputation risk. We place surplus cash balances on overnight deposit with institutions with sufficiently high long-term and short-term ratings.

Based on the business model of funding primarily through securitization programs and debt capital markets, our board of directors has set a liquidity risk appetite which it considers to be appropriate to provide it with the assurance that we are able to meet its liabilities and commitments when they fall due, and provide sufficient headroom to support anticipated loan book growth. We aim to keep a minimum of six months of facility headroom available by arranging new facilities, extending existing facilities or by adjusting new origination levels.

Our debt service obligations consist primarily of interest payments on the Original Senior Secured Notes (refinanced with the proceeds of the Senior Secured Notes issued on October 13, 2016) and the loan notes issued in connection with the Conduit Securitizations. Following the Refinancing and the Transactions, the debt service obligations of the Issuer and its subsidiaries will consist primarily of interest payments on the Notes, the Senior Secured Notes and the Conduit Securitizations. See "*Description of Certain Financing Arrangements*."

Although we believe that our expected cash flows from operating activities, together with available borrowings will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on the Notes or other debt when due. If our cash flow from operating activities is lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and the cost of our current and future debt obligations depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, and capital markets, restrictions in instruments governing our debt, and our general financial performance. See "*Risk Factors—Risks Relating to the Notes—Our substantial leverage and debt service obligations could limit our flexibility, adversely affect our business and prevent us from fulfilling our obligations under the Notes*" and "*Risk Factors—Risks Relating to the Notes—We will require a significant amount of cash to service the Notes and our other debt. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate sufficient cash to service our debt.*"

Cash Flows

The table below sets forth information regarding our cash flows for the periods indicated.

	Year ended June 30,	
	2015	**2016**
	(IFRS) **(£ in thousands)**	
Net cash outflow from operating activities	(300,449)	(302,572)
Net cash outflow from investing activities	(1,775)	(3,921)
Net cash inflow from financing activities	298,147	304,267
Net decrease in cash and cash equivalents	(4,077)	(2,226)

Year ended June 30, 2016

Pursuant to IFRS, our net cash outflow from operating activities was £302.6 million in the year ended June 30, 2016. Our cash flows from operations were £215.8 million consisting of movements in the gross loan book, prepayments and accruals, the servicing of financing arrangements of £70.0 million, consisting of interest paid on the Revolving Credit Facility, the Conduit Securitizations, the Original Senior Secured Notes, the Existing Subordinated Shareholder Loan Notes and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £16.7 million, consisting primarily of corporation tax charges. Our net cash outflow from investing activities was £3.9 million for the year ended June 30, 2016 incurred largely in connection with expenditures on computer software equipment and fixtures and fittings and net of proceeds from the sale of vehicles. Our net cash inflow from financing activities was £304.3 million for the year ended June 30, 2016, consisting primarily of a draw down of £125 million of the CABS Securitization, a draw down of £200 million on the LABS Securitization and an increase in the Revolving Credit Facility of £29.0 million, offset by a £46.4 million increase in cash held within the Conduit Securitizations. Our decrease in cash in the year ended June 30, 2016 was £2.2 million for the reasons stated above.

Year ended June 30, 2015

Pursuant to IFRS, our net cash outflow from operating activities was £300.5 million in the year ended June 30, 2015. Our cash flows from operations were £238.5 million consisting of movements in the gross loan book, prepayments and accruals, the servicing of finance of £49.4 million consisting of interest paid on the Revolving Credit Facility, the Conduit Securitizations, the Original Senior Secured Notes, the Existing Subordinated Shareholder Loan Notes and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £12.5 million, consisting primarily of corporation tax charges. Our net cash outflow from investing activities was £1.8 million for the year ended June 30, 2015 incurred largely in connection with expenditures on computer software equipment and fixtures and fittings and net of proceeds from the sale of vehicles and certain investments. Our net cash inflow from financing activities was £298.1 million for the year ended June 30, 2015, consisting primarily of a draw down of £225 million of the CABS Securitization, the issuance of £100 million of additional Original Senior Secured Notes and the associated issue premium amounting to £8.5 million, which were partially offset by a £35 million reduction in the Revolving Credit Facility. Our decrease in cash in the year ended June 30, 2015 was £4.1 million for the reasons stated above.

	Year ended June 30,	
	2014	2015
	(UK GAAP) (£ in thousands)	
Net cash (outflow)/ from operating activities	(3,663)	(238,574)
Returns on investments and servicing of finance	(45,583)	(49,307)
Taxation	(10,213)	(12,530)
Capital expenditure and financial investment[1]	(556)	(1,505)
Cash (outflow)/inflow before management of liquid resources and financing	(60,015)	(301,916)
Financing and the management of liquid resources	54,272	297,839
Increase/(Decrease) in cash in the year	(5,743)	(4,077)

(1) Capital expenditure and financial investment is net of proceeds on the sale of fixed assets and investment properties.

Year Ended June 30, 2015

Pursuant to UK GAAP, our net cash outflow from operating activities was £238.6 million in the year ended June 30, 2015. Our returns on investments and servicing of finance were £49.3 million in the year ended June 30, 2015, consisting primarily of interest paid on the Revolving Credit Facility, the CABS Securitization, the Original Senior Secured Notes, the Existing Subordinated Shareholder Loan Notes and certain debt issuance costs. Taxation was £12.5 million in the year ended June 30, 2015, consisting primarily of corporation tax charges. Capital expenditure and financial investment was £1.5 million in the year ended June 30, 2015. Cash outflow before management of liquid resources and refinancing was £301.9 million in the year ended June 30, 2015, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was £297.8 million in the year ended June 30, 2015, consisting primarily of a drawdown of £225.0 million on the CABS Securitization and the issuance of an additional £100.0 million Original Senior Secured Notes and the associated issue premium amounting to £8.5 million, which were partially offset by a £35.0 million reduction in the Revolving Credit Facility. Our decrease in cash in the year ended June 30, 2015 was £4.1 million for the reasons stated above.

Year Ended June 30, 2014

Pursuant to UK GAAP, our net cash outflow from operating activities was £3.7 million in the year ended June 30, 2014. Our returns on investments and servicing of finance were £45.6 million in the year ended June 30, 2014, consisting primarily of interest paid on the Revolving Credit Facility, the CABS Securitization, the Original Senior Secured Notes and the Existing Subordinated Shareholder Loan Notes and certain debt issuance costs. Taxation was £10.2 million in the year ended June 30, 2014, consisting primarily of corporation tax charges. Capital expenditure and financial investment was £0.1 million in the year ended June 30, 2014. Cash outflow before management of liquid resources and refinancing was £60.0 million in the year ended June 30, 2014, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was £54.3 million in the year ended June 30, 2014, consisting primarily of a £169.5 million reduction in the Revolving Credit Facility, which was more than offset by a £28.0 million increase in the CABS Securitization and £200.0 million Original Senior Secured Notes. Our decrease in cash in the year ended June 30, 2014 was £5.7 million for the reasons stated above.

Capital Resources

Following the offering of the Senior Secured Notes and the use of proceeds therefrom, our principal sources of funds are expected to be cash provided by operations and amounts available through the Conduit Securitizations, the Senior Secured Notes and the Revolving Credit Facility.

The Conduit Securitizations consist of two securitizations programs for certain of our mortgage and commercial loans. In connection with the Conduit Securitizations, Charles Street ABS and Lakeside ABS, the bankruptcy-remote special purpose vehicles established for purposes of each of the Conduit Securitizations, purchase certain mortgage loans from certain of our operating subsidiaries. Charles Street ABS and Lakeside ABS, as applicable, finance these purchases from borrowings funded through the issuance of notes under a note issuance facility, the revolving periods for which expires on January 31, 2020 and August 31, 2018, respectively, and the amounts outstanding under such facilities must be repaid on January 31, 2021 and August 31, 2018, respectively, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS and Lakeside ABS, as applicable, to subsidiary undertakings which form part of the Borrower Group. The variable funding notes outstanding under the CABS Securitization and the LABS Securitization at June 30, 2016 amounted to £760 million and £200 million, respectively. Total commitments available under the CABS Securitization and the LABS Securitization note issuance facilities are £1,000.0 million and £255.0 million, respectively. As consideration for the mortgage loans, Charles Street ABS and Lakeside ABS, as applicable, pays the Borrower Group the full principal amount of the loans at the time of the sale and, on a monthly basis thereafter, deferred consideration equal to the net interest received after deducting costs of funding and expenses. See "*Description of Certain Financing Arrangements—Conduit Securitizations*."

Capital Expenditures

In the year ended June 30, 2014, we made significant investments to further upgrade our IT hardware, including purchasing equipment for our disaster recovery site. As part of a program to enhance a number of our IT systems in 2014, we engaged with an external contractor for development of software, for which activity also continued through the course of 2015 and 2016. Such expenditure is capitalized and written off through the profit and loss account over the appropriate period. We plan to fund our future capital expenditures with cash from operating activities. Pursuant to IFRS, this also includes amounts classified as intangible assets. Intangible assets consist wholly of expenditure relating to the development of our IT systems.

Contractual Obligations and Commercial Commitments

The following table summarizes the material contractual obligations of the Issuer and its subsidiaries as of June 30, 2016 on a *pro forma* basis after giving effect to the Refinancing and the Transactions, and the related amounts falling due within one year and thereafter.

	Payments due by Period				
	Total	Less than 1 year	1-4 years	4-7 years	More than 7 years
	(£ in millions)				
Contractual obligations					
Notes	220.0	—	—	220.0	—
Senior Secured Notes	375.0	—	—	375.0	—
Loan notes issued by Charles Street ABS[(1)]	760.0	—	—	760.0	—
Loan notes issued by Lakeside ABS	200.0	—	200.00	—	—
Revolving Credit Facility	—	—	—	—	—
Operating Lease[(2)]	11.2	1.1	3.2	3.2	3.7
Hire Purchase	0.4	0.2	0.2	—	—
Total contractual obligations	1,566.6	1.3	203.4	1,358.2	3.7

(1) Amounts falling due under loan notes issued by Charles Street ABS are based upon the final repayment date of January 2021. See "*Description of Certain Financing Arrangements—The CABS Securitization*."

(2) Operating lease refers to the lease related to our headquarters.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential loss arising from adverse changes in market rates and comprises risks relating to foreign exchange rates, interest rates and market prices. We are only exposed to foreign exchange risk in relation to the Conduit Securitizations, which is funded in part in the U.S. and Euro commercial paper markets.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual installment or repayment obligations. We are exposed to changes in the economic position of our customers, which may adversely impact their ability to make loan payments. The level of risk in respect of the economic position of our customers is driven by both macroeconomic factors and factors relating to specific customers, such as levels of indebtedness and becoming unemployed. We manage credit risk at loan inception with comprehensive underwriting policies in respect of credit worthiness, affordability, repayment strategy and LTV levels and throughout the life of the loan by monitoring arrear levels and LTV levels and by applying macroeconomic sensitivity analysis. See "*—Significant Factors Affecting Results of Operations—Loan Assets Performance*."

Interest Rate Risk

We are subject to interest rate risk in relation to our debt service obligations. Our total loan assets consists primarily of variable rate mortgage loans. With the exception of the Senior Secured Notes, our sources of funding are likewise subject to monthly movements in interest rates. Although we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. As of June 30, 2016, we had £1,049 million of debt subject to variable interest rates. As of June 30, 2016, on a *pro forma* basis after giving effect to the Refinancing and the Transactions, the Issuer and its subsidiaries would have had £960 million of debt subject to variable interest rates. Assuming the amount of debt subject to variable interest rates stays the same, an increase of 0.25% in the interest rate payable on the debt of the Issuer and its subsidiaries would have increased our debt service obligations on a *pro forma* basis after giving effect to the Refinancing and the Transactions as of June 30, 2016 by £2.4 million per annum. To hedge against interest rate risk in respect of the debt service obligations, Jerrold Holdings has previously entered into interest rate swap contracts in connection with the Revolving Credit Facility and the CABS Securitization. These interest rate swaps matured in February 2013.

Funding Risk

Funding risk is the risk that we may not have sufficient financial resources to finance our business or cannot secure them at a reasonable cost. As of June 30, 2016, our funding consisted of the CABS Securitization, which expires in January 2021, the LABS Securitization, which expires in August 2018, the Revolving Credit Facility, which expires in August 2017.

Accounting Treatment of the Conduit Securitizations (UK GAAP/IFRS)

Charles Street ABS and Lakeside ABS, the bankruptcy-remote special purpose vehicles established for purposes of the Conduit Securitizations, are consolidated into our consolidated financial statements in accordance with UK GAAP and IFRS, as if they were wholly owned subsidiaries due to our group retaining the risks and rewards of ownership. Mortgage loans sold to Charles Street ABS and Lakeside ABS are maintained on our consolidated balance sheet as assets due by our debtors and the associated interest receivable credited to our profit and loss account. The loan notes issued by Charles Street ABS and Lakeside ABS to certain lenders to finance its purchase of the loans and any interest and fees accrued but not yet paid in respect thereof are maintained on our balance sheet as liabilities due to creditors with interest and transaction expense expensed through our profit and loss account.

For more information about the accounting treatment of the Conduit Securitizations, see note 32 of our consolidated financial statements.

Introduction to Mortgages

A mortgage loan is a loan secured by real property owned by the borrower. When a mortgage loan is entered into, the borrower agrees to repay the principal amount borrowed from the lender, plus interest, calculated according to a stipulated interest rate and accruing over the term of the loan. If the borrower fails to satisfy his agreed repayment obligations, the lender is ultimately entitled to enforce the security over the real property, in order to satisfy the outstanding loan amount due. As illustrated by the chart below, the branding, design and marketing of mortgage loans, credit assessment (also known as mortgage underwriting) and the decision to extend funds to a successful loan applicant are commonly referred to as "mortgage origination," while the management of the loan from disbursement to full repayment is commonly referred to as "mortgage servicing."

Mortgage Origination

Distribution within the industry is commonly split between business sourced directly and business sourced through intermediaries, typically brokers. In addition to sourcing such business, brokers may also package loans, whereby the broker undertakes pre-loan processing and administration on behalf of mortgage originators. Brokers can source their origination by marketing directly to the end customers or source business through other brokers or financial advisers who have the direct relation with the end customer but do not always have direct access to the mortgage originators. Many brokers choose to work with a select panel of lenders, whom they consider provide a good coverage of product offering for the range of their customers' requirements.

Loan applications involve a variety of information submitted by the loan applicant and collected by the lender as a prerequisite for underwriting. The decision to underwrite a mortgage loan requires a detailed credit assessment through which the underwriter will assess the ability of the loan applicant to pay interest and principal when due and the adequacy and value of the property being offered as security of the loan. The underwriting process is based on a variety of parameters including eligibility (such as, among others, loan to value ratios, credit history requirements, minimum and maximum age, minimum and maximum loans sizes) credit scoring models, affordability assessment, repayment strategy assessments, credit reference and background checks, security valuation and adequacy.

Mortgage Servicing

Mortgage servicing includes management of the loan from disbursement of funds to repayment, arrears management, collections and repossession. The services entailed in mortgage origination and mortgage servicing may be either directly undertaken by the mortgage lender or outsourced to third parties. We are a specialist mortgage lender that both originates and services our own mortgage loans All loan portfolio growth has been organic and we undertake all our servicing activity from our head office.

The UK Mortgage Market

Prior to the global financial crisis, economic conditions, including low interest rates, lower unemployment, easy availability of credit and increasing average earnings helped bolster the mortgage market in the United Kingdom. In the aftermath of the financial crisis, weak economic growth, relatively higher unemployment, and decreasing real estate prices caused large losses and valuation adjustments on mortgage portfolios, therefore resulting in financial distress for most primary mortgage companies. As a result of the global financial crisis, the ability of lenders to raise funds in the wholesale markets was also impaired. Governments and central banks subsequently intervened globally to address such liquidity shortage through a number of monetary stimulus programs such as the European Central Bank's Quantitative Easing program and the UK government and Bank of England's Funding for Lending scheme.

The resulting economic recovery, favorable interest rate environment and the imbalance of supply and demand for properties caused UK housing prices and the mortgage market to recover. Rising house prices have further supported the market by driving investor appetite, increasing the volume and value of new mortgages and raising the level of available equity within properties. As of June 2016, residential loans to individuals in the United Kingdom amounted to approximately £1.3 trillion, and gross advances for the twelve months ended June 30, 2016 were approximately £243 billion, according to the data of the Council of Mortgage Lenders ("**CML**").

As of June 2016, the seasonally adjusted Halifax UK mix-adjusted house price index, which provides monthly comprehensive information on the change in UK house prices by using mortgage financed transactions to calculate the mix-adjusted (considering the number of rooms, type, size) average house prices and house price indices (indexed to 100 in January 1983), was 701.4 compared to 638.8 in December 2007 and 540.4 in December 2009. The favorable macroeconomic conditions, combined with greater focus within the industry on affordability, have led to a decline in arrears since 2009, falling to 92,500 (the number of accounts with more than 2.5% of outstanding balance in arrears) in June 2016 compared with 199,600 as at December 2009, according to CML data. Repossessions have also been decreasing since 2009, falling to 8,700 properties repossessed in the twelve months ended June 2016, compared with 48,900 in the year ended December 2009, according to CML data.

In parallel with the overall recovery, the interbank and securitization financing markets have improved, enabling specialist lenders to compete on a more level footing against high street banks.

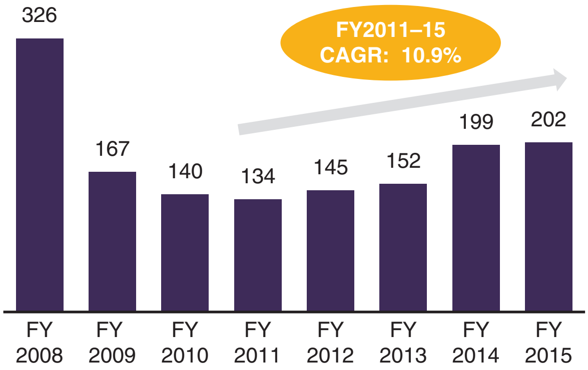
The vast majority of mortgage lenders in the United Kingdom are prudentially regulated deposit-taking institutions such as commercial banks, building societies and credit unions. According to the FCA and the Bank of England, over 90% of gross advances of residential lending to individuals in the United Kingdom for the calendar year 2015 were attributed to such deposit-taking institutions, while the remainder was attributed to regulated non-deposit-taking institutions. Regulated non-deposit-taking institutions include standalone specialist lenders, such as non-banks and subsidiaries of overseas investment banks.

We target specific areas of the market which are not well-served by mainstream lenders (by virtue of the type of customer, type of property, type of product, service required or customer circumstances) and therefore compete with a broad range of different niche lenders across these product segments. Our key competitors in the specialist segment tend to be independent non-bank lenders and "challenger banks." Growth in these segments, including the entry of a number of new competitors in recent years, has caused an increase in competition in some of our market segments which has also resulted in some pressure on rates. We believe our flexible and customized approach, specialist underwriting skills, speed of execution, distribution capability, service delivery, product range and our experience and strong reputation, having been established for 42 years, have enabled us to maintain our strong market position.

In 2011, the FSA began an MMR. The FSA published final rules on October 25, 2012, which amended existing conduct rules for mortgage lending in the FSA Handbook (the predecessor to the FCA Handbook). The new rules came into effect on April 26, 2014 and included, among other things, rules on responsible lending (including rules on affordability assessments, stress testing against future interest rate increases and assessments of interest-only mortgages on a repayment basis unless there is a credible repayment strategy) and mortgage distribution processes (including the requirement that all "interactive" mortgage sales also now require the borrower to take formal advice from a qualified adviser who will assess the borrower's financial situation to help determine the appropriate mortgage product). The impact of the MMR was that high street banks and other lenders were required to replace the more traditional approach of applying income multiples as a proxy of affordability, to more sophisticated models which applied greater focus on income and expenditure. Prior to the introduction of the MMR many specialist lenders, including Jerrold Holdings, already undertook affordability assessments which extended beyond income multiples and as such were generally better positioned for this change in regulation. See "*Regulation*."

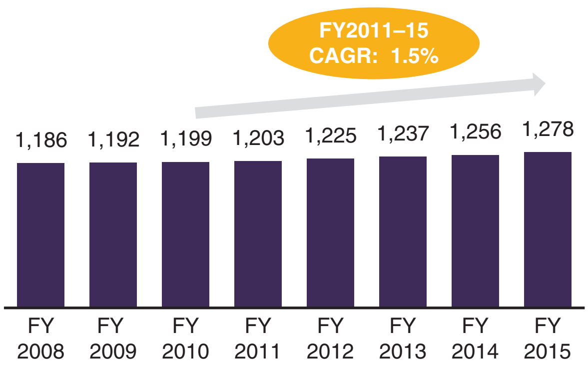
Following the introduction of the MMR in 2014, the increased compliance requirements and requirement that lenders provide advice resulted in an increasing number of lenders seeking partnerships with existing brokers and the percentage of mortgages introduced by intermediaries grew from 56% to 78% between 2014 and 2015. In our specialist segments of the market the proportion of business originated through brokers has historically been higher, given that borrowers with specialist requirements often turn to brokers having either been rejected by high street banks or having been unable to find high street banks that have a product range that meets their requirements. With respect to our retail purpose loans, we originated 96.5% of loans through our broker network in the year ended June 30, 2016.

UK mortgage advances gross
(£ in billions)



Source: CML and BoE.
Note: For Fiscal Year ending June 30. Excludes lending to housing associations and bridging loans, but includes any mortgage portfolios acquired from other lenders.

UK mortgages outstanding gross
(£ in billions)



Source: CML.
Note: For Fiscal Year ending June 30. Excludes lending to housing associations and bridging loans, but includes any mortgage portfolios acquired from other lenders.

The Specialist Market

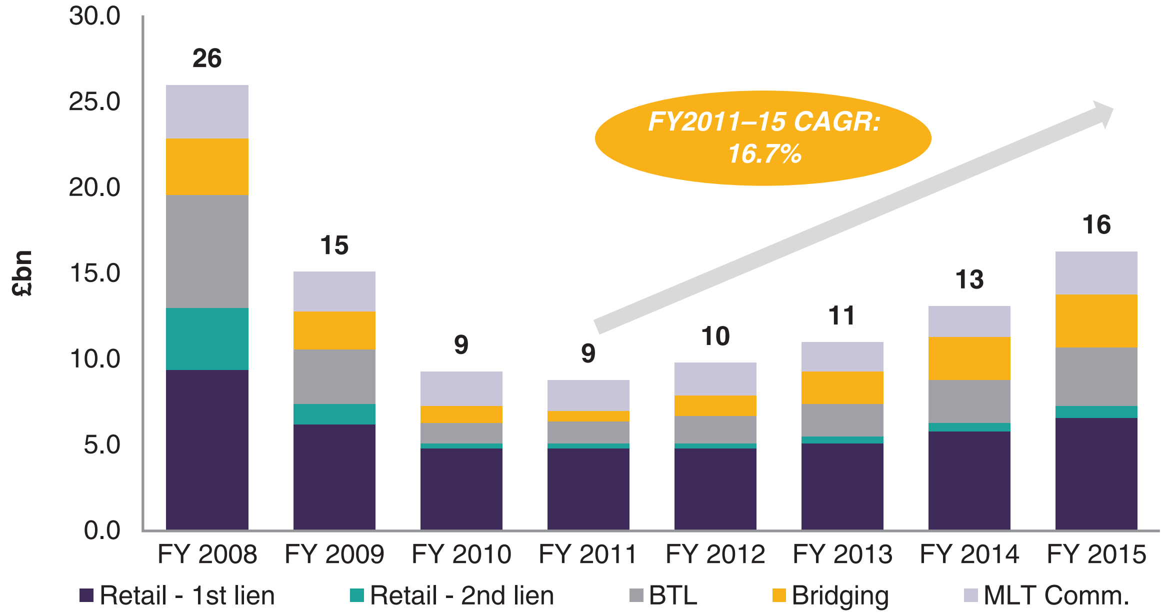
While high street banks and other larger institutions are generally able to raise capital at lower cost compared to niche market lenders, many of the larger institutions have been constrained by legacy issues such as out-of-date IT systems, impairments, regulatory capital shortfalls as well as compliance and governance reviews. In response, many high street banks have significantly curtailed their product ranges and narrowed their customer acceptance criteria since the recession. In addition, such organizations are structured to process high application volumes by using fully automated underwriting procedures, rather than handling more complex cases. As a consequence, significant gaps exist in the mainstream lending market, which have widened since the global financial crisis, creating an opportunity for specialist lenders, who operate across a number of niche areas that require a specialist set of skills to succeed.

In aggregate, OC&C estimated that there were approximately £16.3 billion in new loans advanced in the addressable specialist lending markets in which we operate during the twelve months ended June 30, 2015 (excluding purchase of portfolios). Our key competitors in these specialist lending markets can vary by product area but typically include "challenger banks," larger non-bank specialist lenders and smaller niche lenders, each of which targets one or more specific underpenetrated segments of the market.

We classify our lending into Retail purpose and Commercial purpose. The Retail purpose market in which we operate can be further segmented into the Retail first lien market and the Retail second lien market. Similarly, the Commercial purpose segment can be classified into three categories which broadly align with our own internal product categories of Bridging (Short-term Commercial Purpose), Buy-to-let ("**BTL**") (a component of our BTL+ loan category), and medium to long-term ("**MLT**") Commercial (lending secured by commercial properties).

The Retail purpose specialist markets are often characterized as being "near-prime," reflecting the fact that borrowers may have had some form of negative credit event in the past, ranging from missed or disputed telephone or utility bills through to one or more county court judgments. Notwithstanding, while often failing the automated scorecard approach, many such borrowers may be creditworthy in the present (with such issues having been historical) and have significant equity in their homes. In the year ended June 30, 2016, less than 15% of our Retail purpose lending was to customers who would be categorized as impaired according to the FCA's definition. In addition such specialist markets also include, for example, certain self-employed customers or those with seasonal income. In our Commercial purpose markets, while some customers may have similar characteristics to our Retail purpose customers, it is often the type of loan which drives the demand for specialist lending. Such markets are our addressable markets.

UK specialist mortgage gross advances per year
(£bn)



Source: OC&C.

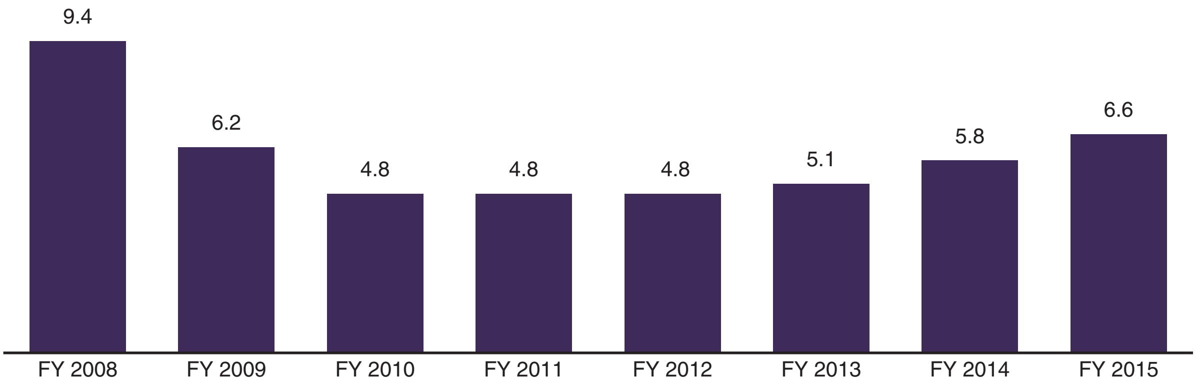
Between financial year ended June 2008 and year ended June 2011, according to estimates provided by OC&C, the annual gross advances of our addressable target markets contracted. Between year ended June 2011 and June 2015, our addressable target markets have seen a resurgence and have outpaced growth of the broader mortgage market while remaining 37% below pre-global financial crisis levels.

Retail: First Lien

According to OC&C estimates, there was approximately £177 billion of mortgage loan advances in the total Retail first lien market in the UK during the twelve months ended June 30, 2015. The market can be broadly divided into two models comprising a 'standard' high volume, highly automated model, which accounts for the majority of the market, and a separate model for more specialist situations. Mainstream lenders, including the high street banks, primarily focus on the higher volume, highly automated segments of the market where the lowest cost of capital and cost of customer acquisition are key determinants of success. We operate across a variety of specialist segments of the market where mainstream lenders largely do not participate. Although there is no official definition for these segments, products in these segments are primarily distributed through broker channels and are typically defined by the specific characteristics of the borrower or the nature of the lending purpose. Such purposes vary widely and can include, for instance, in addition to typical property purchases, loans for debt consolidation purposes or loans to support the purchase of property under the right to buy schemes.

According to OC&C estimates, the size of the Retail first lien specialist addressable markets in which we operate was approximately £6.6 billion in gross advances in the twelve months ended June 30, 2015. Following a significant decline post-2008 and a prolonged period of limited growth between the years ending June 30, 2008 and the June 30, 2012, such market has accelerated in the June 30, 2013-2015 period, growing at approximately 14% per year from the year ended June 30, 2013 to the year ended June 30, 2015. For the year ended June 30, 2015, based upon our loan advances, we had less than 1% market share of our addressable market and significantly less of the broader Retail first lien market.

Retail first lien Specialist market size (gross advances per year)
(£ in billions)



Source: OC&C.

Growth in this segment is expected to be supported by demand, which has risen over recent years as a result of reduced availability of mortgages, a growing number of people with some form of historical negative credit event and increased lending for debt consolidation purposes. As high street banks have increasingly tightened their lending criteria and significantly reduced their range of products over recent years, many customers who were once able to obtain mortgages from these banks are no longer able to do so and instead turn to the specialist lending markets.

Retail: Second Lien

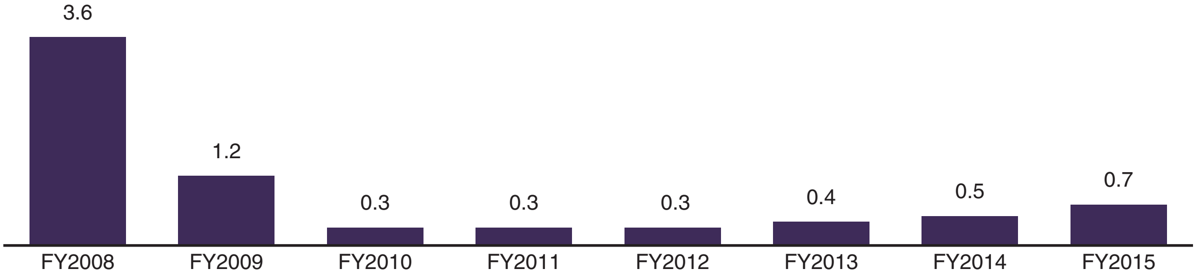
The Retail Second Lien market is much smaller than the market for Retail first lien mortgages and historically has been categorized separately from Retail first lien lending, in part due to previously being regulated under a different regime. Since March 21, 2016, both Retail first lien and Retail second lien are regulated by the FCA under the same regime. See "*Regulation*."

Second lien loans are used for a variety of purposes, including property improvements, debt consolidation or the purchase of a second property or other large purchases. These mortgages have a second-priority ranking over the property and are entitled to be repaid only after the obligations of the first lien mortgage have been satisfied or discharged. Enforcement rights for second lien lenders are generally the same as those for first lien lenders and thus first lien lenders typically cannot prevent second lien lenders from enforcing security.

For some borrowers, second lien mortgages may be a most cost effective form of capital relative to other forms of borrowing such as unsecured loans, overdrafts or refinancing first lien mortgages. The average Retail second lien loan advance in the year ended June 30, 2015 was approximately £35,000, more than banks are typically willing to advance by way of an unsecured personal loan. It may be possible for customers to borrow larger amounts through credit cards or overdrafts, but such options are often more expensive than Retail second lien mortgages. There are also several circumstances in which a Retail second lien mortgage can be more economical than a larger Retail first lien mortgage, despite the higher interest cost. For example, if a borrower is on a fixed term mortgage and needs to raise additional funding, it may be more cost effective to borrow using second lien mortgage, rather than incurring significant early repayment charges under the fixed term mortgage. Similarly, if a borrower has an attractive low-margin tracker mortgage, they may choose a Retail second lien mortgage for additional funds in order to avoid repaying their existing loan.

The Retail second lien market is considerably smaller than the Retail first lien market, with approximately £730 million of gross advances in the year ended June 30, 2015 according to OC&C market estimates. Following a significant reduction in annual gross advances between the years ended June 30, 2008 and June 30, 2012 the market grew significantly with a compounded annual growth rate of approximately 32% over the two years to June 30, 2015 nevertheless remaining less than 20% of the size it was in the year ended June 30, 2008. Growth in the Retail second lien market has been driven by a combination of higher lending volumes and an increase in the average loan value from £24,000 in the year ended June 30, 2011 to £35,000 in the year ended June 30, 2015. For the year ended June 30 2015, based upon our own loan origination data, we had 16% market share in the retail second lien market.

Retail second lien market size (gross advances per year)
(£ in billions)



Source: BOE, CML and OC&C

Demand for retail second lien loans is expected to continue, supported by factors including the growing trend of borrowers switching to longer term fixed rate mortgages, with sometimes large early redemption charges, growing levels of consumer indebtedness and growth in house prices experienced in recent years, freeing up equity to support home improvement activity and other purchases.

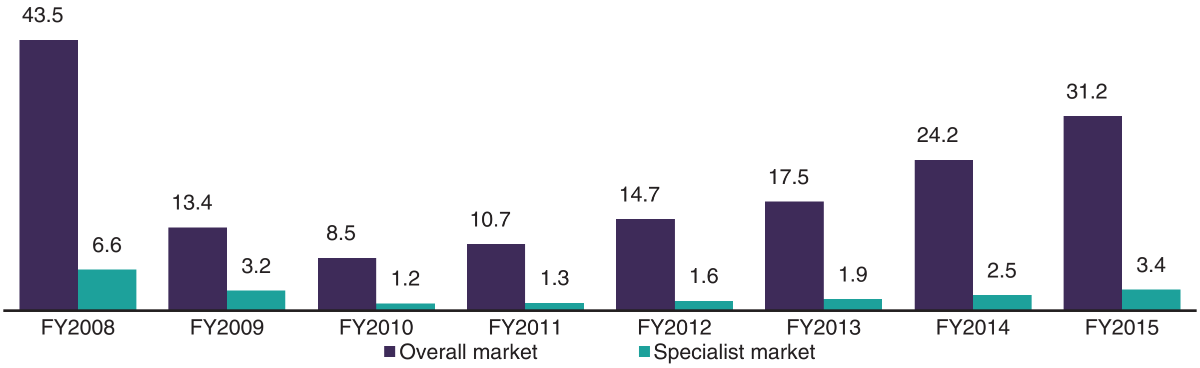
The MCD, which took effect in March 2016 in the United Kingdom, aligned Retail second lien regulation with Retail first charge regulation across Retail first and second lien mortgages. The MCD represented a significant shift in the Retail second lien market. As was experienced in the retail first lien market following the introduction of the MMR, the change in regulation led to a short period of modest contraction as the market embedded to the new regulation and changes to its processes arising from this. Longer term the changes are expected to increase awareness, reputation and consequently demand. The MCD requires financial advisers to make customers aware of the option of Retail second lien mortgages as an alternative to a remortgage, and with a growing number of advisers and brokers expected to offer retail second lien products as a consequence of the new regulation

Commercial: Buy-to-let (BTL+)

Within our BTL+ category of lending we offer first and second lien products targeted towards the BTL market. Such loans are used to fund the purchase or re-mortgage of a residential investment property. With respect to remortgages or second lien loans, additional proceeds may be released from the built up equity to fund the purchase of additional properties, property improvements or for debt consolidation purposes. Customers range from experienced landlords and property investors with multiple properties to first-time landlords. The UK BTL market as a whole is significant and was estimated at approximately £30.9 billion of gross advances in the year ended June 30, 2015 according to OC&C. We operate in a more specialist segments of the BTL market which are not well-served by the mainstream lenders (such as high street banks), and which have been estimated by OC&C to account for gross advances of approximately £3.4 billion in the year ended June 30, 2015. Such specialist markets reflect the specific customer characteristics (as with our Retail offering) or property characteristics, including housing with multiple occupants and borrowers with large property portfolios. In addition, it includes second lien BTL which many mainstream lenders do not offer.

The total BTL market grew by approximately 34% per year in the two years to the year ended June 30, 2015, after having fallen sharply in the wake of the global financial crisis, with our target addressable markets having thought to have grown at the same rate over the same period. Both the total market and specialist addressable markets remained below their pre-financial crisis levels and for the year ended June 30, 2015 our estimated addressable market share was less than 4% by reference to annual gross advances and significantly less of the wider BTL market.

BTL and other unregulated mortgages market size (gross advances per year)
(£ in billions)



Source: BoE, CML and OC&C.

As a consequence of the significant growth experienced in the BTL markets, the UK Government recently announced a range of measures affecting the buy-to-let segment of the property market, such as the 3% stamp duty land tax surcharge on second homes introduced in April 2016 and the restrictions of tax relief on mortgage interest payments to the basic rate of tax, to be phased in between 2017 and 2020. Furthermore, the Bank of England has recently introduced new guidelines for mortgage lenders on stress testing BTL mortgages and in assessing affordability which may limit the availability of such mortgages. In addition new risk capital weightings are due to be introduced for banks offering BTL mortgages which may increase their capital requirements.

Furthermore from March 21, 2016 as a consequence of the MCD, certain buy-to-let mortgages became regulated (CBTL). We now categorize such loans now respectively within our Retail purpose lending.

The full impact of the recent and forthcoming initiatives remains unknown. While such initiatives may constrain the rapid growth experienced over recent years many of the key underlying drivers that have driven growth historically are expected to remain. Potential exists for specialist markets to benefit from the increased complexity around affordability testing and the additional capital requirements which may temper mainstream lenders appetite for BTL markets in the future.

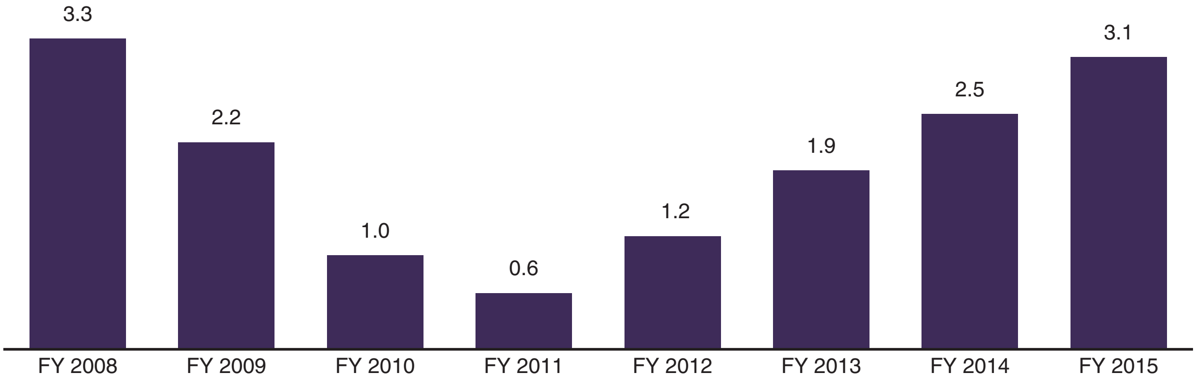
Commercial: Bridging

Bridging loans are generally short-term (i.e., less than 24 months) and serve a broad range of purposes, including opportunistic residential and commercial property purchases, chain breaks, property refurbishment, auction purchases and short-term liquidity for businesses (such as working capital requirements), and are often required at very short notice. A chain is a sequence of linked house purchases, each of which is dependent on the preceding and succeeding purchaser. Where a purchaser or seller of the chain pulls out, this creates a break which can threaten all other house purchases in the chain. A bridging loan can enable a purchaser to still purchase their property before completing on the sale of their existing property. This combination of time pressure and complex circumstances results in a wide range of product characteristics. In addition, borrowers require a high level of customer service oriented around loan deliverability, underwriting flexibility and industry experience. As a result for such customers, the rate of interest often is not necessarily the primary driver for choice of lender.

Given their short duration, Bridging loans are typically interest only or in some cases, with interest rolled up and paid on settlement of the loan. Customers include a broad range of borrowers including property investors, high net worth individuals and small and medium-sized enterprises. Demand for Bridging loans comes from a wide range of customers, including prime customers, as it is the characteristics of the situation required which drive the demand. Auction Finance (a sub-segment of Bridging) is used for the purchase of residential, semi-commercial and commercial property at auctions. Borrowers can receive confirmation of a pre-approved loan prior to attending an auction, based on providing details of the property or properties which they plan to bid for (subject to certain conditions).

The addressable target market for our Bridging loan activity is characterized by short-term loans of up to £5 million and excluding development loans. Although difficult to measure precisely, OC&C estimate this market to represent approximately £3.1 billion in gross advances in the year ended June 30, 2015 of a wider £5.9 billion Bridging loan market, having experienced significant growth over recent years with a compound annual growth rate of 50% between the year ended June 30, 2011 and June 30, 2015, reaching levels experienced pre-recession. For the year ended June 30, 2015 our estimated addressable market share was 13% of annual gross advances.

Bridging market size (gross advances per year)
(£ in billions)



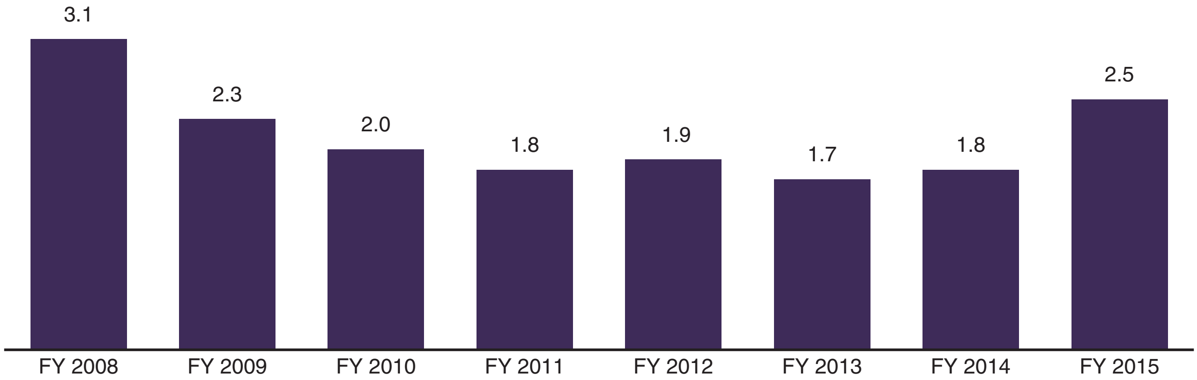
Source: OC&C.

The significant growth in demand experienced has been supported by growth in house prices and a growing awareness of the wide application of Bridging loans to suit a range of different scenarios. In more seller-friendly markets as recently experienced, the ability to fund a transaction quickly can be a strong differentiator in securing a property. Bridging finance is often the only product available to satisfy such needs, with few alternatives providing comparable flexibility and speed, with time frames associated with mainstream lenders' lending processes often being too long. Often a bridging loan is taken out with the intention to refinance through mainstream lenders at a later date. Growing awareness and acceptance of Bridging finance as an option is expected to support demand in the market. The necessity for flexibility and speed in delivering loans across such a range of complex situations is expected to result in the market remaining far less automated and commoditized than other product areas.

Commercial: Medium- and Long-Term (Commercial Security)

The UK Commercial property market is extremely diverse, with loans being secured against various property types including retail units (such as restaurants, pubs and hotels), industrial properties, warehousing and office blocks. The size of loans underwritten also varies widely, from less than £100,000 to £50 million or higher. Within the UK Commercial property market, our focus is on smaller loans with a typical maximum principal amount of less than £1 million and low LTVs relative to market. According to OC&C in aggregate, the Commercial property market was estimated to amount to approximately £42 billion in gross advances in the twelve months ended June 30, 2015, although the segment of the market in which we operate represents approximately £2.5 billion of that amount. The market dropped between the year ended June 30, 2008 and year ended June 30, 2011 before stabilizing and then returning to growth in the year ended June 30, 2015 as access to funding has returned and lenders' appetite to lend against a broader range of property types has increased. For the year ended June 30, 2015 our estimated addressable market share was approximately 1% as a percentage of annual gross advances and much less of the wider commercial property market.

MLT commercial market size (gross advances per year)
(£ in billions)



Source: OC&C.

Demand in this segment is expected to be supported by a relatively stable macro-economic environment, office and retail space occupancy, and robust rental yields. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the economic environment in United Kingdom could have a material adverse effect on our business, results of operations and financial condition.*"

Business

Overview

We are a specialist UK mortgage loan provider, established in 1974, and have successfully operated throughout our 42 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 81% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialize in offering individually underwritten loans (using a non-automated decision model) supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms and auction houses and through our direct sales team. We underwrite and service all our loans internally providing efficient automated processing while retaining manual underwriting of the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2016, we had interest receivable and similar income of £210.8 million and EBITDA of £159.3 million. In the year ended June 30, 2016, we advanced £1,011.5 million of new lending. As of June 30, 2016, we had shareholder funds, including subordinated debt, of £574.9 million. As of June 30, 2016, our total loan assets were £1,800.7 million, with an average loan value of approximately £62,700. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*."

As of June 30, 2016, 33.8% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the FCA as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes CBTL written after this date. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 50.3% of our development loans were underwritten prior to 2010 which we continue to support, and 49.7% were underwritten from 2010 onwards. As of June 30, 2016, 99.7% of our retail purpose loans, 69.6% of our commercial purpose loans and 93.3% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit, affordability and repayment assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms ("affordability"), the repayment strategy where the loan will not be repaid from installments and security being the adequacy of the property which will serve as security for the loan. To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program and comprehensive quality assurance sampling procedures. This is supported by a formal corporate governance structure, which includes conducting internal and compliance audits as well as a formal committee structure to agree on policy decisions and monitor credit quality. Additionally, external loan asset audits have been conducted annually, pursuant to the terms of certain of our financing arrangements.

As of June 30, 2016, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the year ended June 30, 2016, with the LTVs of our loan portfolio on a weighted average indexed basis as of and for the year ended June 30, 2016 at 52.6%, and the LTV on a weighted average basis of new loans underwritten by us for the year ended June 30, 2016 at 57.1%. We have historically lent at low LTVs compared to other lenders, including in the period leading up to the 2007 financial crisis during which many other lenders extended loans with LTVs in excess of 95%. As of June 30, 2016, 93.1% of our total loan portfolio and 87.9% of the Borrower Group loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of our group has provided us with significant protection in times of falling property prices and economic downturns, thereby minimizing our levels of provisions and losses. For each of the two years ended June 30, 2014, and 2015 pursuant to UK GAAP, bad and doubtful debts provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £1.2 million and £(0.9) million, respectively, representing only 0.1% and (0.1)%, respectively, of our total loan assets. For the years ended June 30, 2015 and 2016, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million and £13.8 million, respectively, representing only 0.5% and 0.8% respectively, of our total loan assets for at the end of each period. With respect to loans originated between the year ended July 1, 2009 and the year ended June 30, 2015 and subsequently repossessed in the year ended June 30, 2016, management estimates that average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group to be 100.0%.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings to total loan assets was 67.3% as of and for the year ended June 30, 2016. The ratio of net senior secured borrowings to value of total underlying security, which is calculated as the LTV of our loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets, was 35.4% as of and for the year ended June 30, 2016.

Retail Purpose Lending

As of and for the year ended June 30, 2016, retail purpose loans comprised 33.8% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 48.5% and a weighted average nominal rate of 10.2%, substantially all of which were secured by residential property and the remainder of which were secured by mixed use property. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes. First lien and second lien loans represented 19.3% and 80.7% of our retail purpose loans, respectively, calculated by value as of and for the year ended June 30, 2016. We offer retail purpose loans under the “Together” brand through our subsidiary, CMCL, which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until recently, we also offered second lien mortgages through our subsidiary, BFL. BFL will continue managing its existing loan portfolio, while all new loans since March 21, 2016 are underwritten by CMCL. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to new, current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland. Based on OC&C data, as of June 30, 2015, we had estimated market shares of less than 1% and 16% of our addressable target markets for first lien and second lien retail purpose lending in the United Kingdom, respectively, but a much smaller share of the wider first lien retail purpose lending market.

Commercial Purpose Lending

As of and for the year ended June 30, 2016, commercial purpose loans comprised 62.0% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 52.9% and a weighted average nominal rate of 11.8%, 50.4% of which are short-term commercial purpose loans and 49.6% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans, defined as having original maturities of up to 24 months, are secured by property, of which 65.1% is residential and 34.9% is commercial and semi-commercial property. Our medium and long-term commercial purpose loans, defined as having original maturities greater than 24 months, are secured by property, of which 74.2% is residential and 25.8% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as BTL+, which includes our buy-to-let lending activity (excluding CBTL), as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both more than 50% of loan proceeds are for business purposes and where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as Commercial Security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 86.8% and 13.2% of our short-term commercial purpose loans, respectively, and 70.6% and 29.4% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2016. We offer commercial purpose loans under the "Together" brand through our subsidiaries LMCL and AFL. Until recently, we also offered commercial purposes loans through our subsidiaries, BDFL, HARPL and BFL. We have decided to consolidate the distribution of commercial purpose loans into LMCL and we expect this process to complete by the end of 2016. Each of these entities will continue to manage their respective existing loan portfolios.

We distribute approximately 50%, of our short-term commercial purpose loans through direct channels which consist of, among others, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. We distribute approximately 50% of our short-term commercial purpose loans through our broker network. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of and for the year ended June 30, 2016, development loans comprised 4.2% of our loan portfolio, a decrease in comparison with 5.2% as of June 30, 2015. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 50.3% were originated prior to 2010 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since 2010 and subsequently redeemed had a weighted average elapsed term of 13.2 months. For the year ended June 30, 2016, we extended £8.8 million in further advances on loans originated prior to June 30, 2015 (of which £0.7 million related to loans originated prior to 2010) and have underwritten £36.9 million in new development loans comprised of £18.6 million of initial advances and £18.3 million of further advances. As of June 30, 2016, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. For the year ended June 30, 2016 we recorded allowances for impairment on development loans of £17.6 million, which, pursuant to IFRS, incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, the Original Senior Secured Notes (redeemed with the proceeds of the Refinancing) and the Conduit Securitizations. As of June 30, 2016, our shareholders' funds were £ 574.9 million, including £60.0 million intercompany loans from our parent companies. As of June 30, 2016, the Issuer's shareholders' funds, as adjusted to give effect to the Refinancing and the Transactions, were £361.3 million, including £143.0 million outstanding of intercompany loans from the parent companies of the Issuer. As of June 30, 2016, the total commitments available under the CABS Securitization and the LABS Securitization were £1,000.0 million (£760.0 million outstanding) and £255.0 million (£200.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £29.0 million (£nil million drawn and outstanding after the Refinancing).

Pursuant to each of the Conduit Securitizations, the Originators sell on a random basis, subject to meeting certain eligibility criteria of each Conduit Securitization, certain of our qualifying mortgage loans to Charles Street ABS and Lakeside ABS, respectively, each a bankruptcy-remote special purpose vehicle established for purposes of the Conduit Securitizations. Each of Charles Street ABS and Lakeside ABS finance these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the respective Conduit Securitizations or an affiliate the banks parties, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators.

The assets of both Charles Street ABS and Lakeside ABS are included within our consolidated accounts. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS) and commercial purpose loans (with respect to both Charles Street ABS and Lakeside ABS) eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria, and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to either Conduit Securitization. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the assets, approximately 90% have been eligible at origination for sale to Charles Street ABS and since August 2015, due to the nature of the loans, approximately 30% of loans underwritten by us have been eligible for sale to Lakeside ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS or Lakeside ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Principal losses recognized on loans repurchased from the CABS Securitization was on average approximately £0.1 million per year between January 1, 2012 and June 30, 2016. Principal losses recognized on loans repurchased from the LABS Securitization has been £nil since its inception in August 2015 until June 30, 2016.

Surplus income of each of the Conduit Securitizations, after paying interest and fees in connection with the applicable Conduit Securitization, but including interest paid to the Originators on the subordinated subscription notes, is paid to the Originators on a monthly basis, except during a default or full amortization period. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.0 million per month between July 1, 2015 and June 30, 2016 (or £84.1 million for the year ended June 30, 2016). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.2 million per month between August 13, 2015 and June 30, 2016 (or £23.8 million for period from August 13, 2015 to June 30, 2016).

As of June 30, 2016, Charles Street ABS held total loan assets with a principal balance of £952.2 million, had cash of £47.8 million and had net creditors of £6.6 million. As of June 30, 2016, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £760.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £233.4 million.

As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million, had cash of £28.1 million and had net creditors of £1.9 million. As of June 30, 2016, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £200.0 million. As of June 30, 2016, total subordinated subscription notes outstanding were £68.3 million.

As of June 30, 2014, 2015 and 2016, Charles Street ABS held total loan assets with a principal balance of £527.0 million, £805.9 million and £952.2 million, respectively. As of June 30, 2016, Lakeside ABS held total loan assets with a principal balance of £242.1 million. For additional information in respect of the Conduit Securitizations, see "*Description of Certain Financing Arrangements—Conduit Securitizations*." The Borrower Group's total loan assets, as of June 30, 2014 and 2015, pursuant to UK GAAP, were £549.2 million and £635.8 million, respectively, net of suspended income and provisions for bad and doubtful debts. The Borrower Group's total loan assets, as of June 30, 2015 and 2016, pursuant to IFRS, were £617.7 million and £606.4 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £377.8 million, £519.6 million and £833.0 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £122.1 million, £153.0 million and £191.9 million of interest and fees, respectively, and £255.7 million, £366.6 million and £641.1 million of principal receipts, respectively. Cash receipts expressed as a percentage of total average loan assets, pursuant to UK GAAP, increased from 36.8% in the year ended June 30, 2014 to 41.3% in the year ended June 30, 2015, pursuant to IFRS, increased from 42.0% in the year ended June 30, 2015 to 51.7% in the year ended June 30, 2016, in part reflecting the fall in the group's arrears levels and also the growth in our short-term commercial purpose lending activity.

The Borrower Group generated £231.1 million, £286.8 million, and £425.2 million of cash receipts in the years ended June 30, 2014, 2015 and 2016, comprising of £51.4 million, £61.5 million and £52.0 million of interest and fees, respectively, £127.0 million, £155.3 million and £268.7 million of principal receipts, respectively, and £52.8 million, £70.0 million and £104.6 million surplus income from the Conduit Securitizations, respectively. Cash receipts expressed as a percentage of total average loan assets of the Borrower Group, pursuant to UK GAAP, increased from 44.9% in the year ended June 30, 2014 to 48.4% in the year ended June 30, 2015 and, pursuant to IFRS, increased from 50.1% in the year ended June 30, 2015 to 69.5% in the year ended June 30, 2016 in part reflecting the fall in the group's arrears levels and also reflecting the growth in our short-term commercial purpose activity and an increase in surplus income from the Conduit Securitizations as such facilities have increased in size. See "*Summary—Our sources of funding*."

The group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £338.1 million, £467.4 million and £771.8 million, respectively.

The Borrower Group had cash outflows relating to overheads, tax and capital expenditure of £39.7 million, £52.1 million and £61.3 million in the years ended June 30, 2014, 2015 and 2016, respectively, resulting in cash available for debt service and originating new loans of £191.4 million, £234.6 million and £364.0 million, respectively.

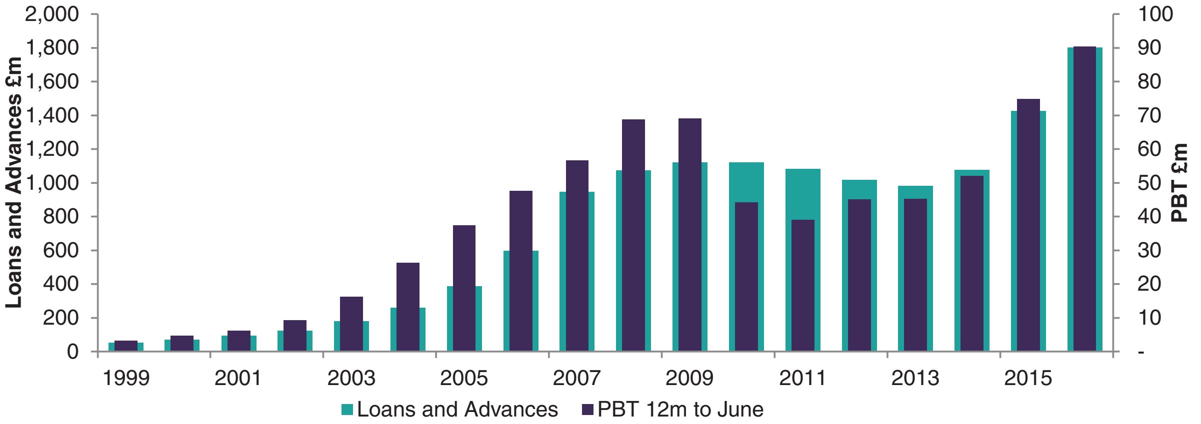
The group paid interest costs of £32.7 million, £43.6 million and £61.7 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. The fees for the for the year ended June 30, 2016 included fees related to the introduction of the £255.0 million LABS Securitization, the upsizing and extension of the £1,000.0 million CABS Securitization and the renewal of the £29.0 million Revolving Credit Facility.

The Borrower Group paid interest costs of £15.8 million, £24.7 million and £32.3 million, respectively, and debt issuance costs of £12.7 million, £6.6 million and £12.5 million in the years ended June 30, 2014, 2015 and 2016, respectively. See "*Summary—Our Sources of Funding*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

Our Competitive Strengths

Track record of continuous profitable growth through multiple business cycles. We have been profitable since our establishment over 42 years ago, including throughout the most recent financial crisis and economic downturn, during which many of our competitors and financial institutions in general suffered significant losses, with a number of our competitors discontinuing originating loans or, in certain instances, ceasing trading. We remained profitable throughout such period and experienced only relatively modest reductions in the aggregate amount of our loan portfolio. In each of the years ended June 30, 2014 and 2015, pursuant to UK GAAP, we had profit before tax of £52.0 million and £70.1 million, respectively. In the years ended June 30, 2015 and 2016, pursuant to IFRS, we had profit before tax of £74.8 million and £90.3 million, respectively. We have historically generally reinvested all of our profits in our business, which has supported the growth in our balance sheet and resulted in shareholders' funds as of June 30, 2016, of £574.9 million, including £60.0 million outstanding of Existing Subordinated Shareholder Loan Notes. In the years ended June 30, 2014, 2015 and 2016, we advanced £354.1 million, £725.1 million and £1,011.5 million of new loans respectively.

The chart below shows the growth of our loan book and our profit before taxes in the period from 1999 to the year ended June 30, 2016. Information for the period from June 30, 1999 to June 30, 2014 is presented in accordance with UK GAAP, while information for the years ended June 30, 2015 and 2016 is presented in accordance with IFRS.



In the years ended June 30, 2015 and 2016, our EBITDA was £128 million and £159 million, in accordance with IFRS, compared to £97 million in 2007, in accordance to UK GAAP.

Unique and proven business model focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both retail and commercial purposes, primarily secured on residential property, at low LTVs, to homeowners, SMEs, property investors and high net worth individuals. According to the CML and the Bank of England, the total United Kingdom mortgage market has grown from the 12 months ended June 2011 to 12 months ended June 2015 in terms of value of the annual mortgage originations at a compound rate of 10.9%, with increasing levels of available homeowners' and property investors' equity. According to the CML and the Bank of England, in the 12 months ended June 2016 annual mortgage originations were £243.0 billion, 20.1% up on the comparable prior period. We identify and operate in niche market segments of the broader mortgage market, in which customers are generally underserved by high street lenders. As a result of economic and regulatory trends that have affected high street lenders, borrowers are increasingly seeking financing from alternative lenders. Our addressable markets are estimated to have grown faster in terms of value than the wider United Kingdom mortgage markets in the 2011-2015 period according to OC&C. In capturing such market growth, we differentiate ourselves from our competitors by our specialist underwriting skills, speed of execution, distribution network, service delivery and product range. Customers, brokers and our other distribution partners turn to Together because of our product offering combined with a flexible, customized approach that allows us to meet our customers' needs. Our customers are often unable to secure funding from mainstream lenders, in a timely fashion or at all, due to the customers' historical circumstances, the nature of the property to be financed, the borrowing purpose or the speed in which the funds are required. Mainstream lenders often automate the underwriting process, which can lead to rejection of large numbers of creditworthy customers as a result of non-standard loan applications. Our manual underwriting process is based on the principles of affordability, sustainability and recoverability, which take into consideration default minimums, stress buffers, customer history and financial position, understanding of the repayment strategy and in-depth security reviews with valuations, comparison and legal reviews. Our manual underwriting process allows us to carefully assess the customer and the security on their individual merits, thereby providing a greater understanding of the nature and level of the credit risk, as opposed to making our decision using a general credit score approach. In addition, brokers turn to Together because of our broad and flexible product offering, our experience and strong reputation having been established for 42 years and our levels of service. Our capabilities are supported by our fully developed in-house platform, from origination through to servicing collections, all located within our modern head offices. We continually seek to identify new opportunities to develop our loan offerings through our product development team, which works closely with brokers and other stakeholders in our distribution channels to identify new niche market segments where customers are underserved. By operating in markets with less competition and only lending at low LTVs, we are able to achieve an attractive risk-adjusted return on our total loan assets. The weighted average nominal rate and APR of new loans underwritten by us for the year ended June 30, 2016 was 10.9% and 14.9%, respectively. Our net interest margin for the year ended June 30, 2016 was 8.9%.

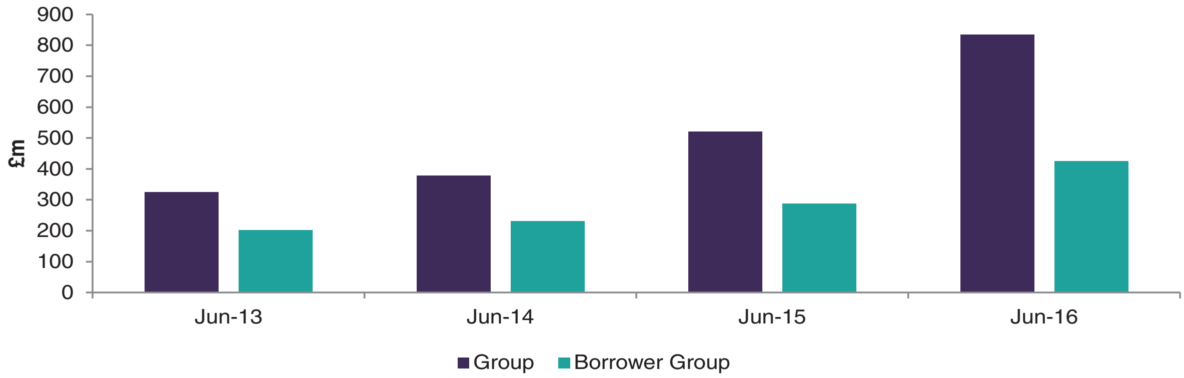
Broad, growing distribution network, supported by long-standing relationships with brokers and direct routes to markets. Our established and diversified distribution channels consist of our broker network and our direct channels. Our direct channels include originations through our relationships with auction houses, sourced from our professional network, including lawyers, accountants, bankers and surveyors, repeat customers and our own direct sales teams. In the year ended June 30, 2016, 70% of the loans (by value) we extended were sourced from brokers and 30% were sourced from our direct channels. Our broad third party distribution network is based on stable and long standing relationships with these partners. Our relationships with brokers were further strengthened during the global financial crisis as a result of the related reduction in the number of competitors that operated within our market segments during this period, in which we continued to lend. For the year ended June 30, 2016, we originated loans through approximately 430 brokers (from 205 brokers in the year ended June 30, 2012), 149 of which each generated new advances in excess of £500,000 compared to 40 such brokers in the year ended June 30, 2012. Our recent rebranding to "Together" supports both origination through our direct channels and our broker network. For the year ended June 30, 2016, our largest individual broker accounted for 8% of aggregate broker advances, our top ten and top 20 brokers accounted for 38% and 54% of aggregate broker advances, respectively.

Prudent underwriting leading to strong asset backing and robust credit performance. Together has built a loan portfolio which we believe is well-balanced across retail purpose (including CBTL) and commercial purpose loans (including buy-to-let), maturity lengths, geographical spread and niche markets. We have refined our underwriting process based on over 42 years of experience, including through various property crises and while remaining profitable throughout such periods. Approximately 81% of our loans are secured on residential properties and the balances are secured on commercial and semi-commercial properties. We believe that residential property prices are less volatile than commercial and semi-commercial property prices in times of economic downturn. A long standing, fundamental principle of our group has been lending at low LTVs, which mitigates our risk of loss in the event of repossession, and, we believe, provides our customers an incentive to engage with us to find acceptable solutions in the event they face difficulties meeting their financial obligations. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices, as shown by our modest levels of bad and doubtful debts charges throughout the 2008-2011 period. The weighted average indexed LTV of our loan portfolio, as of June 30, 2016, was 52.6% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of June 30, 2016, was 58.4%. As of June 30, 2016, 93.1% of our loan portfolio and 87.9% our Borrower Group's loan portfolio had an origination LTV less than 75%. For additional information in respect of the Borrower Group's loan portfolio, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrower Group Loan Analysis*." The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2006 and 2007 (prior to the recent global financial crisis) was 65.6% and 65.8%, respectively. The weighted average LTV of new loans underwritten between July 1, 2009 and June 30, 2013 (during the recent global financial crisis) was 52.6%. The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2014, 2015 and 2016 (following the recent global financial crisis) was 54.4%, 55.4% and 57.1%, respectively with 2.4%, 1.2% and 0.8% of new loans underwritten having an LTV in excess of 80%. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of June 30, 2016, when comparing our loan balances (before allowances for impairment) to the respective indexed valuations of the properties, an assumed 20% decline to indexed valuations on a loan by loan basis would result in an additional negative equity exposure of £21.0 million and £19.4 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities*."

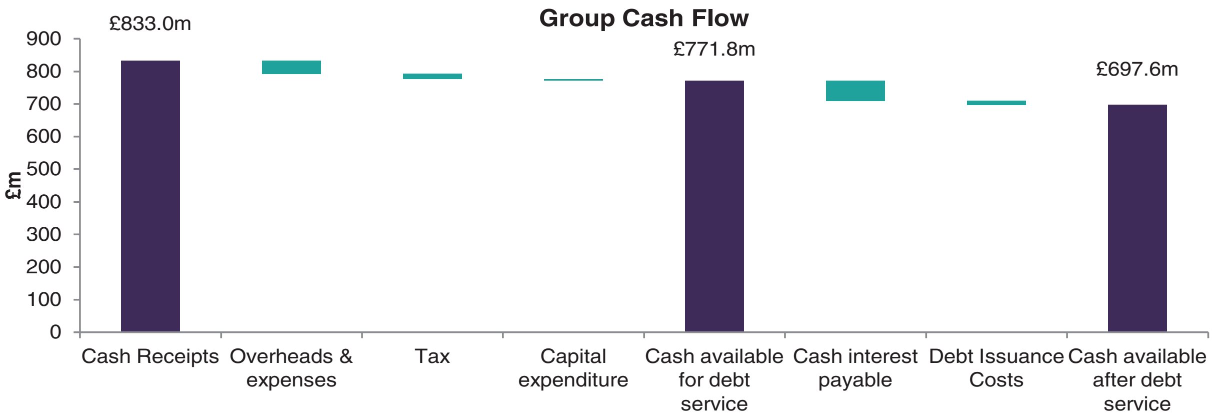
Strong sources of funding. We have strong sources of funding, including cash from operations, the Conduit Securitizations, the Revolving Credit Facility, the Senior Secured Notes issued on October 13, 2016, subordinated shareholder indebtedness and shareholder equity. In the case of the Conduit Securitizations and the Revolving Credit Facility, our lenders consist of financial institutions with whom we have long-standing relationships as well as additional leading financial institutions which have recently acceded to the Conduit Securitizations and the Revolving Credit Facility. In August 2015, we entered into a new £255 million LABS Securitization program maturing in August 2018, with some of the same lenders as under the CABS Securitization. In March 2016, we increased the CABS Securitization, by £325.0 million to £1,000 million, extended the maturity to 2021 and improved the commercial terms. On October 13, 2016, we refinanced the £300.0 million aggregate principal amounts of 9 ¾% Original Senior Secured Notes due 2018 with £375.0 million aggregate principal amount of 6 ¼% Senior Secured Notes due 2021. We have a track record of successfully extending maturity, increasing the size and enhancing the terms of our financing arrangements in line with our growth and have a maximum exposure of 27% to any single lending counterparty under the Conduit Securitizations and the Revolving Credit Facility as a percentage of drawn balances as of June 30, 2016. We adopt a policy of annually extending the Conduit Securitizations and Revolving Credit Facility, and we believe that the weighted average maturity profile of such facilities provides continuity even in economically challenging periods. Our weighted average maturity profile of our facilities increased from approximately 3.2 years as of June 30, 2015 to approximately 3.6 years as of June 30, 2016 and will increase to 4.2 years following the issuance of the Senior Secured Notes.

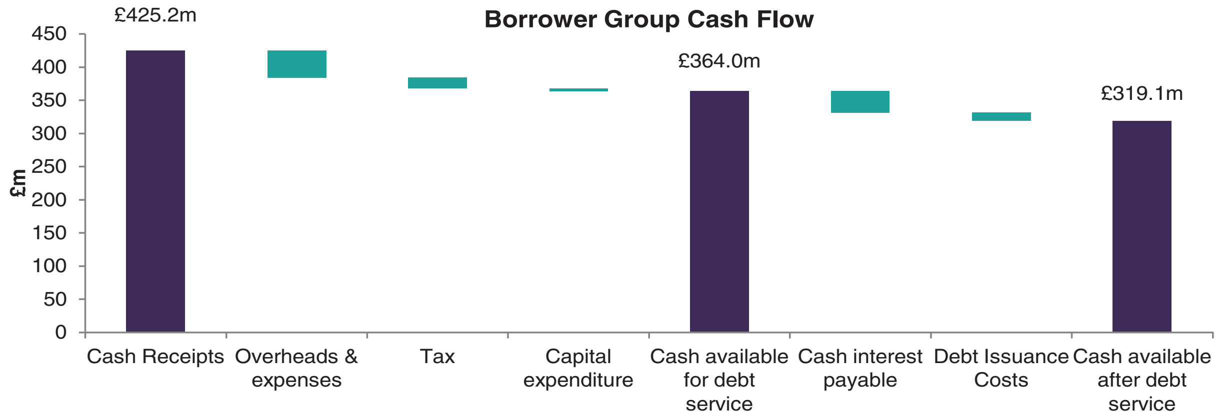
Highly cash generative. The group is highly cash generative and had £833.0 million of cash receipts for the year ended June 30, 2016, comprising £191.9 million of interest and fees and £641.1 million of principal receipts. As of June 30, 2016, our total loan assets were £1,800.7 million. The levels of cash generation have been increasing over the past years, supported by the high growth of our loan book in the same period, and partly through the proportionate increase in short-term commercial purpose loans, which have a faster redemption profile in comparison with other types of loans that we offer. Cash receipts expressed as a percentage of total average loan assets increased from 36.8% (pursuant to GAAP) in the year ended June 30, 2014 to 51.7% (pursuant to IFRS) in the year ended June 30, 2016, in part reflecting the fall in our arrears levels and also the growth of our short-term commercial purpose lending. The Borrower Group generated £425.2 million of cash receipts in the year ended June 30, 2016, comprised of £52.0 million in interest and fees, £268.7 million in principal receipts and £104.6 million surplus income from the Conduit Securitizations. See "*Summary—Overview—Our Sources of Funding*." Cash receipts for the Borrower Group expressed as a percentage of average loan assets of the Borrower Group increased from 44.9% (pursuant to UK GAAP) in the year ended June 30, 2014 to 69.5% (pursuant to IFRS) in the year ended June 30, 2016. The group had cash outflow related to overheads, tax and capital expenditure of £61.3 million in the year ended June 30, 2016, resulting in cash available for debt service and underwriting new loans of £771.8 million for the group and £364.0 million for the Borrower Group. We are able to effectively manage our liquidity by controlling the amount of new loans we underwrite in any given period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

The table below sets forth cash receipts by the group and the Borrower Group for the years ended June 30, 2014, 2015 and 2016.



The tables below set forth the paid interest costs and debt issuance costs for the group and the Borrower group for the year ended June 30, 2016.





Cash flows available for debt repayment or new advances are £710.1 million (stated before debt issuance costs of £12.5 million), which is equivalent to 83.7% of total cash receipts of £833.0 million after expenses, capex, taxes and interest expense have been taken out and equates to 4.5 times EBITDA for the year ended June 30, 2016.

Active and effective arrears and collections management. We actively manage our level of arrears by employing a variety of collection strategies based on the particular circumstances of each customer, acting fairly and appropriately, in line with our internal policies and regulatory requirements. Due to our active management of arrears, in addition to our strong underwriting and the conservative LTV profile of our loan assets, we had virtually no principal losses prior to 2008 and our provisions for bad and doubtful debts expensed to our profit and loss account in respect of potential loan principal losses in each of the years between 2008 and 2013 amounted to only 1% of our average total loan assets, and 0.1% and (0.1)% of our average total loan assets for the years ended June 30, 2014 and June, 2015, respectively, in accordance with UK GAAP. In the year ended June 30, 2015 and year ended June 30, 2016, the impairment losses amounted to 0.5% and 0.8% of our average total loan assets pursuant to IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—UK GAAP to IFRS Reconciliation*." We proactively work with our customers who are experiencing a reduced ability to pay their mortgage loans, offering a range of forbearance measures appropriate to customers' circumstances, including, for example, income and expenditure reviews, payment plans and assisted sale schemes. We continuously invest in developing our customer relationship management IT platform in our collections area, which we use to improve the effectiveness and efficiency of our collection process. This platform helps us to record and track detailed information about our customers, their circumstances including their financial position, thereby facilitating the arrangement of effective, tailored payment plans as well as more focused ongoing dialogue with our customers. As a result of our proactive approach with our customers and an improvement in the credit quality of the customers to whom we have lent since 2008, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) decreased from 4.4% for loans funded in the year ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014. We believe that our close management of accounts in arrears ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of June 30, 2016, of our contractual arrears greater than one month's contractual installment, which represented 10.3% of our loan portfolio and 27.4% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 58.8% and 49.3% of the group and the Borrower Group, respectively, were classified as performing arrears loans, in respect of which either arrears were less than or equal to three monthly contractual installments or within the last three months 90% or more of contractual installments had been received.

Strong governance structure, risk and compliance control. Culture and staff values are deeply embedded within our organization and senior management team. The interests of our customers are at the heart of what we do. We endeavor to understand our customers' needs and design products that are fair and transparent, and to help customers who are in financial difficulty or assessed as vulnerable through pre-emptive collection strategies and appropriate forbearance tools. We also undertake root cause analysis of the complaints received in order to improve our customers' journeys. We have in place a governance and management structure that we believe ensures effective risk management, supports decision making and provides strong oversight over all of our business activities. In addition, we believe that our focus on risk and compliance is essential to our reputation and also represents good business practice in an increasingly regulated market. Our commitment to strong governance and risk and compliance control is also evidenced by our staff selection, training and retention policies, which include extensive referencing, continuous training and competency programs and performance management strategies based on qualitative appraisals and remuneration plans.

Experienced, long-serving and proven senior management team and distinguished new hires. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Three out of five executive members of the group's board of directors have served on the board of directors for over 20 years. Our consistent profitability since our establishment demonstrates both the depth of knowledge of our senior management team of the mortgage lending industry as well as their ability to adapt to the volatile environment of the previous economic downturns. In addition, as part of enhancing our governance to support future growth objectives, we have successfully recruited nine additional management team members in the last twelve months, including additions to the group, the Retail division and the Commercial division Boards, including a number of non-executive directors who have extensive industry experience. The average length of service of our executive and senior management team is in excess of ten years.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs in providing mortgage loans. Over the past eight years, we have increasingly used more stringent affordability metrics to ensure our customers are able to service their loans. This increased focus on affordability correlates with a significant decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014, and we maintain a continued focus on such policies which are further supported by the introduction of the MMR in April 2014 and MCD in March 2016 which prescribe certain minimum requirements in assessing affordability which also help maintain lower delinquency levels. We intend to target an average origination LTV of between 55% and 65% for new loans secured primarily on residential properties.

Maintain our balanced loan portfolio mix and continue to differentiate our distribution channels and products. We intend to maintain a balanced loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. Although throughout the economic cycle the Retail division and the Commercial division grow at different rates, we intend to maintain focus on both divisions. We also intend to continue to grow our loan portfolio through our well established broker network and further develop our direct lending channels. For the twelve months ended June 30, 2016, 30.4% of all new loans were originated through direct lending, also including referrals through auction houses, our professional network and direct sales including our growing repeat customer base. In support of both of our direct lending growth strategy and our broker strategy, in September 2015, we announced the rebranding of our operations and consolidated our existing brand names of both the Company and each of its trading subsidiaries under the unified, customer focused, "Together" brand, which we believe reflects our passion for working with our customers and business partners. In conjunction with the rebranding, we are also updating our website, which is expected to support our direct sales initiatives. Furthermore, to increase our direct sales channel, we are expanding our regional targeting of professional intermediaries to further increase introductions from our professional network. To implement this strategy, we have recently appointed several regional development managers. We are also actively seeking to deepen our relationships with auction houses and to increase our attendance at auction events. In addition, we will continue to seek new niche markets where we can offer new products by identifying customer groups that are underserved and trends in lending activity, including through our product development team and our relationships with our existing brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings and providing excellent customer service will continue to make us an attractive business partner to brokers, others who introduce business to us and our customers as well as allow us to secure margins that are more attractive than those available in non-niche market segments.

Grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market. We believe that historically the volume of loans we are able to originate was primarily limited by the amount of funding available to us, as well as the level of redemption activity. The increase in new business levels for the year ended June 30, 2016 has been due, in part, to the increased liquidity available given increased levels of redemption activity (driven by increase in our total loan assets), the issuance of an additional £100.0 million of the Original Senior Secured Notes (total aggregate amount of £300.0 million) in April 2015, the increase in the CABS Securitization facility by £325.0 million to £1,000 million in March 2016 and the execution of the £255.0 million LABS Securitization in August 2015. The market in the United Kingdom for retail purpose and commercial purpose mortgages has increased in recent years, corresponding with an upward movement in property prices, declining unemployment and improved economic sentiment. In addition, there has been a reduction in the number of products offered by high street lenders and certain customer segments are no longer serviced by such lenders. Combined with the additional funding, these factors have allowed us to increase our lending volumes and widen our customer base and improve the credit quality of the loans we underwrite. We intend to continue to grow our loan portfolio by continuing to identify demand for our product offerings and to support this by reinvesting our reserves and further increasing and diversifying our sources of funding.

Our History

We were founded in 1974 by Henry Moser, who continues with us as our Chief Executive Officer of Jerrold Holdings Limited, and Barrie Pollock, who sold his minority shareholding in 2006. In our 42-year operating history, we have been profitable year on year and generally reinvested profits to facilitate growth. We have grown our business organically, without acquiring other businesses or the loan portfolios of other lenders. In 2006, Equistone Partners Europe, formerly Barclays Private Equity, and Standard Life Investments, acquired significant minority shares in our group.

Our Operations

We offer first lien and second lien mortgage loans, for both retail and commercial purposes, that are principally secured by residential properties, but also by commercial and semi-commercial properties. First lien loans are typically used either to purchase the property by which they are secured or to refinance an existing mortgage. Second lien loans are loans secured by property against which a first mortgage has already been obtained. Prior to April 1, 2014, most second lien lending for retail purposes was regulated by the OFT as consumer credit; the regulation of consumer credit is now covered by the FCA and since March 2016 is regulated pursuant to the same rules as first lien retail purpose lending. See "*Regulation*." The weighted average nominal rate and APR of new loans underwritten by us for the year ended June 30, 2016 are 10.9% and 14.9%, respectively.

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of June 30, 2016, pursuant to IFRS.

		Commercial Purpose 62.0%[1]			
	Retail Purpose 33.8%	**Short-term Commercial Purpose 50.4%**	**Medium- and Long-term Commercial Purpose**[3] **49.6%**		**Development 4.2%**
			Commercial Security	BTL +	
Principal Subsidiaries	• CMCL • BFL[4] (managing existing loan portfolio)	• LMCL • BDFL[4] • AFL • HARPL[4]	• LMCL • BFL[4] • HARPL[4]	• LMCL • BFL[4] • HARPL[4]	• LMCL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to property investors and high net-worth individuals
Regulator	FCA	Unregulated	Unregulated	Unregulated	Unregulated
Distribution	• Broker network • Direct sales	• Broker network • Professional referrals • Auction houses • Direct sales	• Broker network • Professional referrals • Direct sales	• Broker network • Professional referrals • Direct sales • Auction houses	• Direct sales • Broker network • Professional referrals
Security	• Residential property	• Residential property • Commercial and semi-commercial property	• Commercial and semi-commercial property	• Residential property	• Residential property • Commercial and semi-commercial property

		Commercial Purpose 62.0%[1]			
	Retail Purpose 33.8%	**Short-term Commercial Purpose 50.4%**	**Medium- and Long-term Commercial Purpose[3] 49.6%**		**Development 4.2%**
			Commercial Security	BTL +	
Terms	1 to 30 years	Up to 24 months	2-30 years	2-30 years	Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Underwriting with detailed assessment of affordability, repayment and security	Project appraisal
Loan Portfolio Value	• First lien: £117.3 million • Second lien: £491.8 million • Total: £609.2 million	• First lien: £489.6 million • Second lien: £74.5 million • Total: £564.1 million	• First lien: £134.1 million • Second lien: £8.9 million • Total: £143.0 million	• First lien: £257.6 million • Second lien: £154.0 million • Total: £411.7 million	• First lien: £58.8 million • Second lien: £17.2 million • Total: £76.0 million
Number of Loans	• First lien: 2,204 • Second lien: 17,932 • Total: 20,136	• First lien: 1,827 • Second lien: 399 • Total: 2,226	• First lien: 1,108 • Second lien: 131 • Total: 1,239	• First lien: 2,565 • Second lien: 2,404 • Total: 4,969	• First lien: 158 • Second lien: 53 • Total: 211
Weighted Average Indexed LTV	• First lien: 42.4% • Second lien: 49.9% • Total: 48.5%	• First lien: 56.9% • Second lien: 53.5% • Total: 56.4%	• First lien: 47.3% • Second lien: 43.5% • Total: 47.0%	• First lien: 49.0% • Second lien: 52.2% • Total: 50.2%	• First lien: 80.5% • Second lien: 80.2% • Total: 80.4%
Weighted Average Nominal Rate	• First lien: 9.1% • Second lien: 10.5% • Total: 10.2%	• First lien: 13.5% • Second lien: 14.3% • Total: 13.6%	• First lien: 10.5% • Second lien: 10.9% • Total: 10.5%	• First lien: 9.7% • Second lien: 9.5% • Total: 9.7%	• First lien: 13.2% • Second lien: 10.7% • Total: 12.7%
Average Inception Loan Size[2][3]	• First lien: £56.9 thousand • Second lien: £30.6 thousand • Total: £33.5 thousand	• First lien: £281.7 thousand • Second lien: £193.3 thousand • Total: £265.9 thousand	First lien: £126.9 thousand • Second lien: £75.1 thousand • Total: £121.5 thousand	First lien: £104.9 thousand • Second lien: £66.4 thousand • Total: £86.3 thousand	• First lien: £327.1 thousand • Second lien: £173.2 thousand • Total: £288.4 thousand
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: £75.0 thousand • Second lien: £49.6 thousand • Total: £55.3 thousand	• First lien: £308.1 thousand • Second lien: £311.4 thousand • Total: £308.4 thousand	First lien: £158.0 thousand • Second lien: £112.3 thousand • Total: £154.0 thousand	First lien: £131.0 thousand • Second lien: £82.5 thousand • Total: £106.8 thousand	• First lien: £300.5 thousand • Second lien: £552.6 thousand • Total: £327.1 thousand
Number of Loans Underwritten in the Last 12 Months	• First lien: 692 • Second lien: 2,383 • Total: 3,075	• First lien: 1,484 • Second lien: 183 • Total: 1,667	• First lien: 321 • Second lien: 31 • Total: 352	• First lien: 939 • Second lien: 936 • Total: 1,875	• First lien: 51 • Second lien: 6 • Total: 57

		Commercial Purpose 62.0%[(1)]			
	Retail Purpose 33.8%	Short-term Commercial Purpose 50.4%	Medium- and Long-term Commercial Purpose[(3)] 49.6%		Development 4.2%
			Commercial Security	BTL +	
Value of Loans Underwritten in the Last 12 Months (excluding further advances of £54.1 million)	• First lien: £51.9 million • Second lien: £118.3 million • Total: £170.2 million	• First lien: £457.2 million • Second lien: £57.0 million • Total: £514.1 million	• First lien: £50.7 million • Second lien: £3.5 million • Total: £54.2 million	• First lien: £123.0 million • Second lien: £77.2 million • Total: £200.2 million	• First lien: £15.3 million • Second lien: £3.3 million • Total: £18.6 million
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: 7.6% • Second lien: 7.9% • Total: 7.8%	• First lien: 12.8% • Second lien: 13.5% • Total: 12.9%	• First lien: 9.2% • Second lien: 9.5% • Total: 9.3%	• First lien: 8.6% • Second lien: 8.5% • Total: 8.5%	• First lien: 14.6% • Second lien: 13.5% • Total: 14.4%
Weighted Average APR of Loans Underwritten in the Last 12 Months	• First lien: 9.1% • Second lien: 9.9% • Total: 9.6%	• First lien: 18.4% • Second lien: 19.9% • Total: 18.6%	• First lien: 10.6% • Second lien: 11.1% • Total: 10.6%	• First lien: 9.8% • Second lien: 10.0% • Total: 9.9%	• First lien: 27.1% • Second lien: 22.7% • Total: 26.3%
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien:47.7% • Second lien: 58.0% • Total: 54.9%	• First lien:58.6% • Second lien: 55.9% • Total: 58.3%	• First lien:53.1% • Second lien: 44.2% • Total: 52.5%	• First lien: 56.3% • Second lien: 59.9% • Total: 57.7%	• First lien:50.3% • Second lien: 69.0% • Total: 53.6%

(1) The aggregate average loan size of commercial loans is £132.7 thousand.
(2) The aggregate average loan size of retail, commercial purpose and development loans is £62.7 thousand.
(3) The average loan size of medium- and long-term commercial purpose loans is £89.4 thousand.
(4) BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.

For a detailed analysis of the compositions of our loan portfolio and the loan portfolio of the Borrower Group, which does not include the loans held by Charles Street ABS and Lakeside ABS, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrower Group Loan Analysis*."

Retail Purpose Lending

33.8% of our loan portfolio, calculated by value, consists of retail purpose loans, substantially all of which are secured by residential property and the remainder of which are secured by semi-commercial property.

Purposes

We offer retail purpose loans for a variety of purposes, which include debt consolidation, refinancing an existing mortgage, making home improvements, making large personal purchases and purchasing a new home. In the year ended June 30, 2016, 28.0% of retail purpose loans were underwritten for debt consolidation, 28.0% for debt consolidation and home improvement, 15.9% for home improvement, 8.4% for large personal purchases and 19.7% for property purchases.

We specialize in offering retail purpose loans to segments of the markets that are underserved and offering solutions in the form of niche products such as small-value mortgages, right to buy mortgages and, as a further example, regulated bridging loans which we introduced in February 2016 and which are typically used by customers looking to purchase a new home ahead of completing the sale of their existing home. In addition, following the introduction of the MCD, we also include CBTL loans within our retail purpose offering.

Some of our customers automatically fall outside the formulaic and automated scorecard assessment methodologies, based upon probabilities and averages, used by other lenders, as a result of, for example, being self-employed, having some form of credit profile event, having seasonal income or where the loan maturity extends beyond the borrower's 65th birthday. We undertake a full affordability and credit assessment, individually underwriting loan applications based upon the merits and demerits of each individual case. We continually seek niche markets for our retail purpose loans by identifying trends in demands for products through various means, including through our product development team and our well-established relationships with the broker network.

Distribution

We distribute substantially all our retail purpose loans through a wide network of mortgage and finance brokers across the United Kingdom. The brokers in our network may in turn interact directly with the customers or source business from other brokers or financial advisers. We have access to a database of approximately 9,000 mortgage and finance brokers, approximately 1,900 of which are actively registered with us. In the year ended June 30, 2016, approximately 96.5% of our retail customers were originated from our broker network. We are not reliant on any one broker, with no single broker providing more than 9.1% of our broker-sourced retail purpose business and the top ten brokers representing approximately 45.0% of our broker-sourced retail purpose business for the year ended June 30, 2016. The nationwide reach of the broker network provides us with a geographically diverse security portfolio.

Our relationships with brokers are non-exclusive, covered by either service or accreditation agreements and actively managed through our broker business development team. Brokers must apply to become either "arrangers" or "packagers." Brokers are assessed for suitability with consideration given to their regulatory authorizations, process capacity and knowledge and experience of secured lending. Applications are reviewed by our Head of Broker Relations and our risk team, which includes the evidencing of permissions. In the case of brokers permitted to act for us as arrangers, such brokers pass sales leads to us and we contact those individuals to offer our products and services, and, if accepted, such individuals apply for a loan with us, our internal direct sales team will obtain any requirements from the customers and the underwriting team will proceed to process and package the loan. In the case of brokers permitted to act for us as packagers, such brokers collect certain information to support applications in line with our lending requirements and criteria and pass this information to us for our underwriting teams to review and check. The majority of brokers in our network are regulated by the FCA with full authorizations for regulated mortgage contracts and CBTL and credit brokering permissions, where appropriate. We also collaborate with certain packagers who may not be FCA regulated directly but package loans on behalf of FCA regulated advisers who advise the customer. As part of our underwriting checks, we ensure such advisers have the relevant permissions to give such advice. Only brokers who have been accredited to do so are permitted to provide mortgage illustration documentation to the customer. We had been proactively applying many of the standards required within the regulated first charge activity of the business to our operations in the second charge regulated loan business prior to the introduction of the MCD, positioning ourselves ahead of these requirements in comparison with our competitors.

Once relationships with brokers have been established, the sales teams manage the overall relationship with the broker and, for retail purpose lending our Underwriting Relationship Managers handle day-to-day communication and activity on loan applications that have been submitted for completion.

We do not rely on any particular broker and regularly monitor the quality of service and information provided by each broker, through a combination of file reviews and performance assessments, of both the quality of the applications and the performance of the loans that have been sourced through such broker. We regularly evaluate whether we wish to continue working with such broker. See "—*Compliance and Quality Control*."

In the year ended June 30, 2016, we sold approximately 3.5% of our retail purpose loans directly.

Security

Most residential property securing our retail purpose loans is traditional housing stock, principally located in England, Scotland and Wales. Geographically, 8.9%, 26.5% and 64.6% of the properties securing our retail purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of United Kingdom, respectively. As part of our underwriting process, we perform a valuation of the property being offered as security for the loan to assess its adequacy as security. See "*—Our Operations—Property Valuation*." Additionally, all properties securing our total loan assets are protected by buildings insurance and, pursuant to a change in our policy in 2006, we require properties in our portfolio securing mortgage loans underwritten since then to also be protected by title insurance where appropriate. In some cases, we may not be able to obtain title insurance or complete coverage due to the specific nature of the property or due to the circumstances of the borrower, such as when the borrower is not a national of the European Union.

Terms

Our retail purpose loans typically have terms of one to 30 years. The weighted average loan terms for retail purpose loans offered by BFL and CMCL as of June 30, 2016 were 218 months. Retail purpose loans that were redeemed in the year ended June 30, 2016 had an average elapsed term of 51.4 months.

Subsidiaries

We offer retail purpose loans principally through CMCL. Until March 20, 2016, retail purpose loans were offered through BFL, which currently only manages its existing loan portfolio. As of June 30, 2016, 77.5% of our retail purpose loans, calculated by value, consisted of BFL loans, 98.5% of which were second lien loans. As of June 30, 2016, 22.5% of our retail purpose loans, calculated by value, consisted of CMCL loans, 80.5% of which were first lien loans. Between 2004 and March 2016, CMCL only offered first lien loans, however, following the introduction of the MCD in March 2016, all first lien and second lien retail purpose loans are offered through CMCL. Both subsidiaries have historically distributed nearly all their loans through the broker network. BFL will continue to administer any second lien retail purpose loans originated prior to March 2016, operating under its home finance administration permissions received from the FCA. See "*Regulation*."

The table below sets forth certain information about the retail purpose loans as of June 30, 2016.

	Loan portfolio as of June 30, 2016	**Business underwritten in the year ended June 30, 2016 and outstanding as of June 30, 2016**
	(unaudited)	
Weighted Average Indexed LTV	48.5%	51.9%
Weighted Average Nominal Rate / APR(1)	10.2%	7.8% / 9.6%
Average Inception Loan Size	£33.5 thousand	£55.3 thousand
Weighted Average Inception Loan Term	218 months	201 months
Outstanding Balance	£ 609.2 million	£ 162.3 million
Percentage first lien	19.3%	30.5%

(1) APR is only provided for business underwritten in the year ended June 30, 2016.

Motor Finance

In addition to our core retail purpose lending, in July 2015, we launched a pilot program for motor finance lending, through our subsidiary Spot Finance Limited. The pilot program has been authorized by the group for up to a maximum of £6.0 million of new business lending. We intend to formally assess the performance of the pilot program and determine whether we wish to continue to support such new business activities in November 2016.

As of June 30, 2016, Spot Finance Limited had 285 loans with a total loan balance of £1.8 million and with an average nominal rate of 11.7%. We underwrote 292 loans with an average loan size of £6,244 in the year ended June 30, 2016. We do not include such amounts within our loan balance portfolio as such loans are currently considered as non-core. See "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis*."

Underwriting Process

Our underwriting process, which is conducted by our Residential Underwriting and Processing Department, consists of the following stages: processing, underwriting, lending decision, binding offer and funding and completion. Our individualized underwriting process can take two to eight weeks to complete.

Processing

The processing stage consists of checking and confirming the information and documentation provided as part of a loan application, which also form part of our "know your customer" ("**KYC**") measures. This information includes, among other things, proofs of name, residency, signatures, title and income. Additionally, we obtain authorization from each applicant to conduct credit searches, which we use to corroborate the information that the applicant has provided. During the processing stage, we also initiate anti-fraud and anti-money laundering procedures. Examples of applicant fraud can include the applicant providing fraudulent identification documentation, false employment and financial information and property valuation reports that have been amended by someone other than the authorized property surveyors. All our staff members are trained to look for warning signs of fraud such as an applicant's inability to provide evidence of personal information or providing inconsistent information. If a member of staff has any doubts or concerns about the content of any application or related documentation, the staff member is required to immediately communicate such doubts or concerns to a supervisor. We are also a member of CIFAS, an organization dedicated to preventing fraud in the United Kingdom. We undertake a CIFAS search on each loan applicant and conduct extensive investigations when the organization produces alerts. All staff members also receive training to ensure that they understand and are able to detect signs of money laundering.

Underwriting

The underwriting stage consists of a detailed individualized credit, affordability and repayment assessment, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability and sustainability, being the ability of the loan applicant to service and repay the requested loan through its term, the repayment strategy where the loan will not be repaid from installments and security being the adequacy of the property which will serve as security for the loan. In relation to bridging or interest only loans, an assessment is also made with respect to the customers' exit strategy. To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program as well as comprehensive quality assurance sampling procedures. Traditionally, lenders have applied income multiples to determine the maximum amount a loan applicant can borrow. Rather than relying on income multiples, we calculate the loan amount that an applicant can afford on the basis of an assessment of the main components of income and expenditure, including a contingency for unexpected expenditure and a buffer for increases in interest rates. Proof of income, typically in the form of payslips, an employer reference or, in the case of self-employed applicants, an accountant's certificate or SA302, is required. Income and expected expenditure are assessed for both plausibility and sustainability. Our determination of the adequacy of proposed security is based on a valuation of the property. For additional information on our approach to the valuation of properties, see "*—Property Valuation*" below. Unlike many lenders who principally rely on scorecard or other automated processes in making their lending decisions, we primarily rely on a detailed and personalized underwriting process, which includes an in-depth assessment of a borrower's individual financial circumstances. Each loan application is individually reviewed by an underwriter, who is overseen by a team leader. Each underwriter is provided with comprehensive training, which is overseen by a dedicated Training and Competency Supervisor. See "*—Compliance and Quality Control*."

Lending Decision

We have a strict policy on mandate levels, and no underwriter may approve a loan for an amount or LTV greater than his or her mandate. If the loan is for an amount greater than the underwriter's mandate level, the application is referred to a more senior, appropriately authorized underwriter. The authorized underwriter reviews the loan synopsis, annotating his or her findings and lending rationale.

In certain circumstances, we may require an applicant to seek legal advice before entering into the loan agreement. Such circumstances could include where applicants are non-married relatives (e.g., mother and daughter).

Binding Offer and Funding

Prior to making a binding offer to a customer and subsequently funding a loan, we reconfirm certain elements of the information an applicant has provided. Such reconfirmation may include matching signatures on documents across the application and confirming that there have been no material changes to the applicant's employment or main sources of income. In addition, the applicant is contacted by the assigned underwriter for what we call a "Speak With." The Speak With is a final KYC measure, intended to prevent fraud and to ensure the applicant's understanding of the terms and conditions of the loan. During a Speak With, the underwriter asks the applicant a series of questions. The questions verify the personal details that have been previously provided by the applicant and establish that the applicant has a good understanding of the lending transaction. During a Speak With we may also identify vulnerabilities about a customer that were not otherwise apparent during the underwriting process, including the degree to which such customer understands the responsibilities and obligations to be assumed. If the underwriter finds the applicant's responses unsatisfactory, the underwriter refers the application to a supervisor for further review. Applications may also be referred to a more senior underwriter or supervisor if applicants are considered vulnerable to any extent. If the underwriter is satisfied with the applicant's responses during the Speak With, the application is approved for a binding offer by an appropriately mandated underwriter. Prior to making such an offer, our legal department also performs a review of the information in the application, such as land registry information. In certain cases, depending on aspects of the loan, this review may be conducted by external legal counsel. On completion of such prerequisite checks, a binding offer is issued (which, in relation to a property purchase, may remain subject to conditions relating to security of title) and such offer remains valid for between 28 and 90 days, depending on the nature and type of loan. Once the customer accepts the offer, we process the loan for funding and completion.

Given the individualized and detailed nature of our review process and given the amount of time that may be necessary to collect all of the information we require to make a lending decision, the underwriting process for a retail purpose loan can take from two to eight weeks.

Commercial Purpose Lending

62.0% of our loan portfolio, calculated by value, consists of commercial purpose loans, which are secured principally by residential properties, but also by commercial and semi-commercial properties. We offer short-term and medium- and long-term commercial purpose loans to small and medium-sized businesses, property investors and high net worth and other individuals. In the year ended June 30, 2016, 60.9% of the short-term loans were underwritten for first lien property purchase, 19.5% for raising capital and 19.6% for other purposes. In the same period, 30.7% of the medium- and long-term loans were underwritten for capital raising and major purchases, 27.2% for first lien purchases (including buy-to-let properties), 27.3% for remortgages including buy-to-let properties and 14.8% for other purposes. Our short-term commercial purpose loans, such as bridging loans, are for original maturities up to 24 months. Our medium- and long-term commercial purpose loans are for original maturities greater than 24 months up to 30 years. Approximately 50.4% of our commercial purpose loans are short-term loans and approximately 49.6% of our commercial purpose loans are medium- and long-term loans.

Short-term Commercial purpose loans

31.3% of our loan portfolio and 50.4% of our commercial purpose loans overall, each calculated by value, consist of short-term commercial purpose loans, which are secured by a mix of residential, commercial and semi-commercial properties.

Purposes

We offer short-term commercial purpose loans to small and medium-sized businesses, high net worth individuals and property investors to assist in bridging the gap between financings or to allow them to capitalize on business and investment opportunities that may require swift funding.

Distribution

We distribute approximately 50% of our short-term commercial purpose loans through direct channels which consist of, among others, our network of professionals, auction houses, repeat customer base and our direct sales teams. We distribute approximately 50% of our short-term commercial purpose loans through our broker network which spans across the United Kingdom. Historically, due to our local presence, we have primarily worked with professionals and auction houses located in the Northwest of England. Over recent years we have been expanding our collaboration with professionals and auction houses in other locations within the United Kingdom and have over the last twelve months appointed regional development managers to replicate our successful professional network distribution model in other regions beyond the Northwest of England, including in the Midlands, Yorkshire and London.

Broker Network

For the year ended June 30, 2016, approximately 50% of our short-term commercial purpose lending was sourced from the broker network. Once relationships with brokers have been established, the sales teams manage the overall relationship with the broker and, for commercial purpose lending, our commercial underwriters have direct contact with brokers for day-to-day communication and activity on loan applications that have been submitted for completion.

Network of Professionals

Our network of professionals consists of banking, accounting, legal, wealth management, surveyors and other professional firms that may refer businesses and high net worth individuals with whom they have relationships to us or that may approach us on behalf of their clients. For example, a bank may introduce their customer to us for a bridging loan where such customer has been pre-approved for a loan from the bank, but who may need the funds sooner than the underwriting process of that bank allows. Similarly, an independent financial advisor may introduce us to a client who is looking for funding to take advantage of a business opportunity. We have established relationships with these professionals in the course of our over 42-year operating history and keep investing heavily in establishing this vast network of professional firms. Professional advisors will generally only introduce their clients to lenders who they trust to look after their clients interest and who have established themselves as a reputable lender. Once a customer has been introduced to us, such customer may come back for future financing requirements, thereby increasing our repeat customer base. The professionals who make recommendations and introductions on our behalf typically receive no commissions or fees for doing so, as we believe that they benefit from meeting their clients' financing needs by making the introduction. Historically, this network of professionals has been more developed particularly in the Northwest of England but we are in the process of expanding our model to other regions.

Auction Houses

We have strong working and joint marketing relationships with certain auction houses across the United Kingdom, and also with the Essential Information Group, a subscription service based organization specializing in auction information and widely recognized as the industry standard for auction information. These relationships permit us to be present in the auction houses to offer financing directly to individuals and businesses bidding at the auction, predominantly on residential investment properties. We currently have formal representation at on average over 30 of the 100 main auction events estimated to take place every month and we are aiming to increase our presence at these events and to establish new exclusivity agreements with the key auction houses. Mortgage loans can be approved before (subject to conditions) or after the auction.

Security

Of our short-term commercial purpose loans, 86.8% are secured by first liens and 13.2% are secured by second liens. Approximately 65.1% and 34.9% of the properties securing our short-term commercial purpose loans are residential and commercial, respectively. Geographically, 24.5%, 30.9% and 44.5% of the properties securing our short-term commercial purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of United Kingdom, respectively. As part of our underwriting process, we assess each property to determine its value. See "*—Our Operations—Property Valuation*." Additionally, all properties securing our total loan assets are protected by buildings insurance and, pursuant to a change in our policy in 2006, we require properties in our portfolio securing mortgage loans underwritten since then to also be protected by title insurance where appropriate. In some cases, we may not be able to obtain title insurance or complete coverage due to the specific nature of the property or due to the circumstances of the borrower, such as when the borrower is not a national of the European Union. We also accept charges over additional property as security to ensure an acceptable LTV for our short-term commercial purpose loans.

Terms

Our short-term commercial purpose loans have original terms of up to 24 months. As of June 30, 2016, the weighted average loan terms for short-term commercial purpose loans was twelve months. Due to the short-term nature of such loans, in some cases, all or part of the interest is paid on the loan repayment date as opposed to monthly installments. We generally apply an initial term of twelve months and renew or extend the loan at the end of this period, charging a renewal fee as appropriate. By applying an initial term of twelve months and applying a fee to loans that extend beyond this term, we ensure that we maintain an annual yield on such lending similar to the yield earned on loans that are redeemed within the twelve month period where the amount can be advanced again, incorporating a new arrangement fee. Typically, loans with any interest roll up features within their initial terms convert into interest paying loans upon the approved assessment to renew or extend. Short-term commercial purpose loans that were redeemed in the year ended June 30, 2016 had an average elapsed term of 13.6 months.

Subsidiaries

We offer short-term commercial purpose loans through LMCL and AFL. Until recently we also offered short-term commercial purpose loans through BDFL and HARPL but, as part of our corporate governance review, we have now consolidated the distribution of such short-term commercial purpose loans into LMCL. This process is intended to be completed by the end of 2016, at which stage AFL will also no longer offer new loans. Historically, LMCL and HARPL distributed loans through the broker network and to repeat customers. BDFL historically distributed its loans predominantly through a network of professionals, including repeat customers but such loans are now underwritten by LMCL. AFL distributes its loans through auction houses, to repeat customers and through the broker network.

The table below sets forth certain information about the short-term commercial purpose loans offered by LMCL, BDFL, HARPL and AFL as of June 30, 2016.

	Short-term Commercial Purpose Loans	
	Loan portfolio as of June 30, 2016	**Business underwritten in the year ended June 30, 2016 and outstanding as at June 30, 2016**
	(unaudited)	
Weighted Average Indexed LTV	56.4%	56.3%
Weighted Average Nominal Rate / APR(1)	13.6%	13.2% / 18.6%
Average Inception Loan Size	£265.9 thousand	£310.1 thousand
Weighted Average Inception Loan Term	12 months	12 months
Outstanding Balance	£ 564.1 million	£ 376.4 million
Percentage first lien	86.8%	91.1%

(1) APR is only provided for business underwritten in the year ended June 30, 2016.

Medium- and Long-term Commercial Purpose Loans

30.7% of our loan portfolio and 49.6% of our commercial purpose loans overall, each calculated by value, consists of medium- and long-term commercial purpose loans, which are secured principally by residential properties, but also by commercial and semi-commercial properties.

Purposes

We offer medium- and long-term commercial purpose loans to small and medium-sized businesses, property investors and individuals for a variety of purposes, including buy-to-let, purchases of other investment properties, releasing equity from existing investment properties and raising capital for businesses.

Distribution

For the year ended June 30, 2016, we distribute approximately 94% and 6% of our medium- and long-term commercial purpose loans through the broker network and direct sales (consisting primarily of repeat customers), respectively. We are currently focusing on leveraging our new brand with the intention of growing our distribution through direct channels, including a new commercial sales team targeting existing and previous customers. We also distribute a marginal amount of our medium- and long-term commercial purpose loans through our network of professionals.

Security

Of our medium- and long-term commercial purpose loans, approximately 70.6% are secured by first liens and approximately 29.4% are secured by second liens, calculated by value. Approximately 74.2% and 25.8% of the properties securing our medium- and long-term commercial purpose loans are (i) residential (which we refer to as BTL+) and (ii) commercial and semi-commercial, respectively, calculated by value. Geographically, 13.2%, 32.1% and 54.7% of the properties securing our medium- and long-term commercial purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of United Kingdom, respectively. As part of our underwriting process, we assess each property to determine its value. See "—*Our Operations—Property Valuation*." Additionally, all properties securing our total loan assets in our portfolio are protected by buildings insurance and, pursuant to a change in our policy in 2006, we require properties in our portfolio securing mortgage loans underwritten since then to also be protected by title insurance where appropriate. In a small number of cases, we may not be able to obtain title insurance or complete coverage due to the specific nature of the property or due to the circumstances of the borrower, such as when the borrower is not a national of the European Union. We also accept charges over additional property as security to ensure an acceptable LTV for our medium- and long-term commercial purpose loans.

Terms

Our medium- and long-term commercial term loans have terms of 2 to 30 years. The weighted average loan term for our medium- and long-term commercial purpose loans as of June 30, 2016 was 189 months. Medium- and long-term commercial purpose loans that were redeemed in the year ended June 30, 2016 had an average elapsed term of 37.4 months.

Subsidiaries

We offer medium- and long-term commercial purpose loans principally through LMCL. Until recently we also offered medium- and long-term commercial purpose loans through HARPL but, as part of our corporate governance review, we have now consolidated the distribution of such medium- and long-term commercial purpose loans into LMCL. Until March 20, 2016, we also offered medium- and long-term commercial loans through our subsidiary BFL, which distributed nearly all loans through the broker network. From March 2016, BFL no longer originates any business but continues and will continue to administer its existing loans.

The table below sets forth certain information about the medium- and long-term commercial purpose loans offered by LMCL, HARPL and BFL as of June 30, 2016.

	Medium- and Long-term Commercial Purpose Loans	
	Loan portfolio as of June 30, 2016	**Business underwritten in the year ended June 30, 2016 and outstanding as at June 30, 2016**
	(unaudited)	
Weighted Average Indexed LTV	49.4%	54.1%
Weighted Average Nominal Rate / APR(1)	9.9%	8.7% / 10.0%
Average Inception Loan Size	£93.3 thousand	£115.4 thousand
Weighted Average Inception Loan Term	189 months	166 months
Outstanding Balance	£ 554.7 million	£ 235.6 million
Percentage First lien	70.6%	71.3%

(1) APR is only provided for business underwritten in the year ended June 30, 2016.

Underwriting Process

Our underwriting process for commercial purpose lending consists of a detailed, individualized credit, affordability and repayment assessment similar to that undertaken for retail purpose lending, including similar underwriting guidelines, review processes and KYC measures and other controls. See "—*Retail Purpose Lending—Underwriting*." Notwithstanding, the process differs in certain respects. Commercial purpose lending applications are channeled into one of three workflow streams. For commercial purpose lending, our affordability assessment can include a review of the individual's income as well as any income an applicant receives from any other sources, such as rental properties, in order to assess the borrower's ability to meet their contractual monthly installments. Where appropriate, the loan assessment includes a maximum net income/rental income to loan repayment calculation to ensure the continuing ability of the borrower to service the loan. In the case of short-term commercial purpose loans or interest only loans, we also undertake an assessment of the feasibility of the planned exit strategy. The processing stage for these applications is handled by our commercial mortgage processing department. In respect of the underwriting stage, each commercial purpose loan is assigned a dedicated case manager. The case manager monitors the progress of an application through to funding. All loans are approved by a senior manager.

Development Loans

As of June 30, 2016, development loans comprised 4.2% of our loan portfolio. Development loans are loans that we extend to finance the development of land or property primarily into residential units (houses and flats) with repayments typically being made out of the sale of the units. The projects for which we have extended development loans are primarily small to medium-sized sites, for new construction as well as buildings that are being converted to residential purpose. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis—Development Loans*."

Property Valuation

In order to assess mortgage applications, we require "open market" valuation reports for property offered as collateral to secure mortgage loans, pursuant to which properties are valued under normal sale conditions. We have a multi-tiered property valuation system for valuing properties: Royal Institution of Chartered Surveyors ("**RICS**"), external and automated. The type of valuation required is determined by the loan value and estimated LTV. In general, a full RICS valuation is obtained from one of our panel members.

In a RICS valuation, a RICS-approved surveyor visits the property and examines both the interior and the exterior of the property, in addition to comparing the property with other similarly situated properties. In an external valuation, a RICS-approved surveyor conducts an examination of the exterior and outer boundary of the property, in addition to comparing the property to valuations of other similarly situated properties. Automated valuation models use computer-based statistical modeling provided by external providers to determine the current market value of a property based on statistical data including values of other similarly-located properties, aspects of the property itself and historical pricing data for the property. The choice of valuation depends on the type of property and the size and the LTV of the loan. In the case of our commercial purpose loans, in addition to an open market valuation, we also conduct a "forced sale" valuation, which assume the property must be sold within a limited timeframe. We conduct RICS valuations for the majority of our loan applications. A real-time automated valuation model is used only for low value and low LTV lending. With respect to loans originated in the year ended June 30, 2016, 83.2% of retail purpose loans and 83.1% of commercial purpose loans were supported by a full RICS valuation. For properties exceeding £1.5 million in value with LTVs in excess of 70% we typically require for the RICS valuation to be reviewed by a second RICS surveyor.

We engage a panel of select property surveyors with many years of experience and with whom we have trusted relationships, in respect of which we have a panel management policy that, among other considerations, looks at the professional qualifications, the level of professional indemnity insurance and performance of surveyors on the panel. We instruct our surveyors to be as conservative as appropriate in assessing properties. Valuations, including those submitted by a broker, must come from our panel and adhere to our criteria, with limited authorized exceptions. All property valuations are reviewed internally to ensure they are accurate and realistic and are actively challenged as appropriate. Additionally, all properties securing our total loan assets are protected by buildings insurance. In some cases, we may arrange for building insurance for borrowers if we are concerned the borrower has not insured the property. Pursuant to a change in our policy in 2006, we also require properties in our portfolio securing mortgage loans underwritten since then to be protected by title insurance where appropriate. In a small number of cases, we may not be able to obtain title insurance or complete coverage due to the specific nature of the property or due to the circumstances of the borrower, such as when the borrower is not a national of the European Union.

Collection and Arrears Management

We actively manage our collections and arrears book to minimize delinquency levels and credit losses through separate retail purpose loans and commercial purpose loans collection and arrears teams. We employ a variety of collection strategies, mindful of our regulatory duty to treat our customers fairly, which is embedded in our operational units and monitored by monthly performance reports and a monthly meeting of our Customer

Excellence Committee. We review certain triggers in the lending cycle to determine whether customers are likely to become less financially stable in the future. These triggers include escalating balances, interest only loans and requests for additional charges. In line with our Treating Customers Fairly methodology, we promote a positive communication culture with our customers. In addition, we also proactively apply methodologies to identify signs of potential vulnerability in our customers. If customers are experiencing a reduced ability to pay their mortgage loans, we proactively work with them, offering a range of payment and forbearance options, as well as measures appropriate to customers' individual circumstances, including, for example, conducting income and expenditure reviews and providing sales assistance. We also pre-emptively contact our customers that are likely to experience a reduced ability to pay their mortgage loans. For example, following the floods in Northern England and Scotland in December 2015, we contacted our retail purpose lending customers in the afflicted areas to discuss payment options prior to any payment due dates.

Our conservative lending approach means that our customers typically retain equity in their properties, which incentivizes them to engage with us to find appropriate and mutually acceptable payment solutions. We continuously invest in developing a customer relationship management IT platform. In April 2016, we carried out additional major upgrades to further improve the customer experience and help the collection team work more efficiently. This platform has helped us to improve our collections process. The system allows us to record and track detailed information about our clients and their financial positions, making possible a "deep dive" into the particular circumstance of customers, thereby improving the efficiency and effectiveness of our arrears management and collections.

Retail borrower accounts are continually reviewed for indications of impairment. After the first missed payment, system-generated letters are automatically sent that inform the customer of missed amounts and include requests for payment or contact. A text message is sent to all our customers with a mobile phone if the direct debit is returned unpaid. In the event of continued financial hardship and inability to make scheduled payments, the matter is escalated to the support team, to try to work with the customer to establish an affordable payment plan or alternative solution. We monitor the rate at which our customers adhere to payment plans known as an informal payment plan kept rate ("**IPP kept rate**"). By measuring this we are able to evaluate the success of our affordability assessments when establishing payment plans.

Our total loan assets have historically had a higher level of arrears than the total loan assets of banks and other mortgage lending companies, due in part to the number of our customers who have irregular incomes. At the onset of the deterioration of the economic climate in 2008, our loan arrears increased. As a result of the increase in the emphasis that we have been placing on the ability of the borrower to service and repay the loan as part of our underwriting process, the improvement in the credit quality of the customers to whom we lend from 2008 onwards and the investment in our collections processes, there has been a material improvement in levels of arrears as evidenced by our vintage delinquency rates, with the amount of loans experiencing arrears greater than three months' contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 1.0% for loans funded in the twelve months ended December 31, 2014. As of June 30, 2016, of our contractual arrears greater than one month's contractual installment, which represented 10.3% of our loan portfolio, excluding repossessed and development loans, calculated by value, of which 58.8% were performing arrears loans.

Repossessions

We review all accounts on a regular basis. As part of our individualized approach, our retail purpose loans and commercial purpose loans repossessions teams work with each customer to determine if the cause of a payment delinquency is short-term, such as a short illness or temporary unemployment, or long-term and develop a plan based on that determination. Plans may include payment holidays, payment arrangements or assisted sales of the property. For more information about how we work with our clients when payments fall in arrears, see "—*Collection and Arrears Management*." Repossession, which we conduct when a borrower persistently fails to cooperate with us or demonstrates a consistent inability to repay and no improvement is expected, is taken as a last resort. Our right to conduct a repossession is the same irrespective of whether the loan is secured by a first- or second-priority lien. We engage outside parties to conduct repossessions when and as needed. In the year ended June 30, 2016, we conducted 46 repossessions, representing 0.3% of our total loan assets, calculated by value, and placed 80 properties in LPA receivership, representing 1.4% of our total loan assets, calculated by value.

Risk Management

We have implemented an established management framework referred to as the "3 Lines of Defense" model and also operate an embedded Risk Management Framework. The first line of defense comprises all managers and staff, including the Chief Executive Officers of the Retail and Commercial divisions and the Chief Executive Officer of the Group and operational functions, as well as our operational committees, including the Executive Committee, Financial Crime Committee, and the Arrears Review Committee. The second line of defense comprises risk, compliance, legal and financial control functions of each the Retail division and the Commercial division, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees and the Conduct Excellence ("**CE**") Committee. The third line of defense includes our internal audit function, our group Audit, Risk and Compliance Committee, which is primarily composed of non-executive directors, and the group Board of Directors.

First Line of Defense

Our first line of defense is responsible for identifying and managing the risks within their respective business areas, as well as ensuring that the Risk Management Framework is embedded into the business. The Executive Committee and the Chief Executive Officers of the Retail and Commercial divisions support the Chief Executive of the group in promoting and maintaining a business culture that is consistent and aligned with high standards of governance and focused on CE. The Financial Crime Committee considers activities undertaken both internally and externally in order to ensure that we manage our fraud risk effectively and are compliant with statutory and regulatory responsibilities in relation to mitigating fraud and financial crime. The Arrears Review Committee reviews operational performance of our underwriting policies, including the impact and effectiveness of collection strategies and proposed changes to our underwriting criteria.

Second Line of Defense

Our second line of defense provides oversight, support and challenge to the first line of defense, ensuring risks are assessed in a consistent manner, challenging operational processes and activities and providing specialist knowledge in areas such as compliance or legal. The second line of defense also includes the group Executive Risk Committee, which provides executive monitoring and oversight, as well as a further review of all areas of risk, monitoring and reviewing mitigating actions in line with risk appetite. Additionally, the group Executive Risk Committee approves relevant policies and limits in relation to the key risks we face. The Retail and Commercial Credit Risk Committees, which also form part of our second line of defense, help develop our underwriting policies, provide additional oversight of compliance with those policies and monitor our arrears management. The role of the CE Committee is to provide leadership in the continued embedding of a CE-oriented culture within the group. The CE Committee ensures that CE principles and standards are embedded in the design, review and amendment of our policies, practices and procedures.

Third Line of Defense

The third line of defense, through the internal audit function and a number of third line committees, provides independent assurance on the effectiveness and robustness of the overall Risk Management Framework and our internal control environment. The group Audit, Risk and Compliance Committee provides independent oversight and further review of our overall Risk Management Framework and risk appetite, including monitoring our compliance with legal, regulatory and policy requirements, assessing the adequacy and effectiveness of our Risk Management Framework and internal controls and monitoring the scope and effectiveness of our internal and external audits. See "*Management—Committees of the Board of Directors of the Company—Audit, Risk and Compliance Committee*."

The group's Risk Management Framework ("**RMF**") provides the structure within which the group's risks and regulatory requirements are identified, assessed and mitigated in a consistent manner. The RMF is aligned to the overall strategy and objectives of the group and is underpinned by a set of principles which define our risk culture and to which we aspire to. Such principles include (i) appropriate tone at the top; (ii) full representation of risk at the group board and executive committee; (iii) collective responsibility for risk as well as dedicated and defined management of risks; (iv) integration of risk management into business activities and functions; (v) effective management and ownership of specific risks; (vi) focus on actual and potential/emerging risks; and (vii) a "fit-for-purpose" risk management function with appropriate skills and experience represented at the right levels of corporate governance.

The objective of the RMF is to ensure we have a consistent basis for measuring, controlling, monitoring and reporting risk that enhances the efficiency and effectiveness of the decision making process. In addition, the

RMF guides the articulation of the group's risk appetite and enables the management of risks in order to maximize the group's value while meeting regulatory and other external requirements. More specifically, the RMF has been established to assist in (i) increasing the likelihood of achieving our strategy and objectives thereby increasing value; (ii) encouraging proactive risk management throughout the group; (iii) providing a reliable basis for decision making and planning; (iv) effective allocating and using of resources for risk management; (v) improving operational performance, efficiencies and controls; and (v) improving loss prevention, incident management and minimize losses.

Financial Crime Control Framework

Our financial control framework incorporates policies and procedures relating to anti-money laundering (including customer due diligence), counter-terrorism and fraud prevention and detection. This is supported by mandatory and specific staff training, supervision and monitoring with support and oversight provided by the risk department.

In January 2016, we added to our risk team a financial crime specialist. During the course of 2016 we provided additional training to the underwriting teams in particular in relation to higher risk transactions and documentary evidence requirements. In July 2016, a comprehensive review of our financial control framework was completed to ensure there is clear definition of financial crime risks and associated responsibilities with updates being made to the financial crime policies and supporting management information as appropriate. In addition, assurance reviews have recently been introduced by the second line of defense to ensure on-going performance of key financial crime controls.

External Audits on Procedure

Pursuant to the terms of each of the CABS Securitization and the LABS Securitization, external loan book audits have been conducted annually. The Royal Bank of Scotland plc, as agent under the CABS Securitization, and HSBC, as agent under the LABS Securitization, each appoints an external auditor, who is required to provide an agreed upon procedures ("**AUP**") report on the borrowing base mortgage pools of the CABS Securitization and the LABS Securitization facilities, amongst other things, covering compliance with financial covenants and confirming processing was in line with agreed procedures and parameters. The AUP must include at least a minimum of 30 loans, originated in the preceding 12 months, selected randomly and with sufficient coverage of loan types, including loans in arrears. Over the last two years the number of loans in the AUP has averaged 120 loans each year. The AUPs include the testing of 19 specified data points against the information we provided in monthly information reports we are required to provide, matching the information contained within our data files and validating that 10 specified underwriting procedures have been performed in accordance with stated policy. The AUP also includes a review of the year end covenants and confirms that the figures included within our monthly information reports match our underlying system reports. In addition, a sample of files is selected in respect of which a loss has been incurred in the review period; these loan files are reviewed and comments made highlighting the reason for the loss. Each of the historic reports has been deemed satisfactory by our lenders.

Information Technology

Given the individualized nature of our underwriting and collections management processes, and the varied range of products offered, we have chosen to internally develop our core IT operating systems to provide custom fit processes and the required flexibility to run our business operations efficiently. We enlisted the services of an on-shore/off-shore IT software developers "Mastek" to support our internal development team, allowing us to scale up resource as and when required while still retaining ownership of software rights.

Our infrastructure consists of a highly virtualized, scalable environment, which supports rapid system-wide upgrades. Our system has robust anti-virus protection, and requires that remote devices are encrypted and locked down and data storage is centralized. We ran a successful penetration test on our externally facing systems in August 2015 with planned annual testing, including a planned testing scheduled for November 2016. We also mirror our core data to a parallel remote environment which supports disaster recovery, which is annually tested.

Recently we implemented a significant IT-enabled change program, including enhancements to the broker portal and underwriting platform to support MCD implementation of Land Registry integration, further automation of underwriting submission rules, implementations of the Microsoft Business Intelligence suite offering powerful access to the new Enterprise Data Warehouse, and infrastructure improvements including new storage area network and further hardening of security control environment.

90% of our brokers ranked our new broker portal as "good" or "excellent" against other competitor offerings. We will continue to enhance our core IT platforms in line with our strategic growth plan and to focus on creating continual service improvement by increasing efficiency, maximizing the effectiveness and optimizing the cost of services within the IT management process. We aim to avoid one-time, large-scale changes and instead implement iterative, regular technology releases while reusing and upgrading our existing capabilities to minimize increases in operational expenditures.

Intellectual Property

In September 2015, we announced the rebranding of our operations and consolidated our existing brand names under the "Together" brand. We consolidated the trading names of Jerrold Holdings and each of our trading subsidiaries into one to become a more recognizable and accessible brand. The brand "Together" represents our passion for working with our customers and business partners. In conjunction with the rebranding, we also launched our website. While our trading name and logo have changed on all our promotional material, our legal entity names remain unchanged.

We rely on copyright and trademark laws, confidentiality procedures and contractual provisions to protect our intellectual proprietary rights. We actively take steps to protect our intellectual property rights when and where we deem appropriate.

Since September 2015, we have marketed the majority of our loans and services under the "Together" trademark. We have retained trademarks related to a number of our existing legacy brand logos, all of which are registered in the United Kingdom.

We have also registered 137 domain names. These domain names are either used by our business to deliver services and information to our customers or held to protect trading names and brands developed by our business.

We presently have no patents or patent applications pending.

Environmental Matters

We believe that we do not have any material environmental compliance costs or environmental liabilities.

Property

We lease our executive offices, which are located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

Our property portfolio, comprised of a small number of investment properties acquired through a legacy line of business, is managed internally by a property team, supported by external specialists where appropriate. Our property management team is responsible for ensuring that such properties are in compliance with statutory requirements, including health and safety requirements.

Insurance

The Company maintains professional indemnity insurance up to a limit of £5.0 million and CMCL, specifically, maintains professional indemnity insurance to meet statutory requirements of, in aggregate, £1.6 million In addition, the Company maintains combined public, products and employers liability insurance that provides coverage up to £5.0 million for any one public liability claim, £5.0 million in aggregate products liability claims, £10.0 million for any one employers liability claim, but with a defined limit of £5.0 million for any one employer's liability claim arising from an act of terrorism, as well as certain other insurance policies. We may also maintain buildings insurance in respect of those properties securing loans we have underwritten where the borrower has not evidenced that they have adequate buildings insurance for the underlying security. The cost of buildings insurance is charged to the relevant borrower.

Regulation

Approximately 28.8% of our business operations are regulated by the FCA.

In the United Kingdom, parts of the mortgage market and the secured lending market are currently regulated by the FCA. The FCA regulates the vast majority of the mortgage market as a result of the activities of residential mortgage lending and the servicing of a residential mortgage contract being regulated activities under the Financial Services and Markets Act 2000 and therefore subject to the FCA requirements made thereunder. See "*Regulation*."

On April 1, 2014, the UK government transferred the regulation of consumer credit from the OFT to the FCA. For additional information, see "*Regulation—Regulation of Consumer Credit Activities*." We believe we have successfully implemented the relevant requirements of our transition via our comprehensive Regulatory Change Program. This involved creating a special project team of in-house specialists, which analyzed our then existing policies and compared them with the most recent rules and regulations, prepared a strategy to implement necessary changes and, ultimately, implemented the revision of our policies, as required.

In October 2014, the FCA published final guidance to mortgage lenders to limit the total number of new residential mortgages at loan to income ratios at or greater than 4.5 times, to no more than 15%. See "*Regulation—Regulation of Residential Mortgages*."

The MCD came into effect on March 20, 2014 and was implemented in the UK on March 21, 2016 by way of the Mortgage Credit Directive Order 2015 (SI 2015 No. 910) and updates to the FCA Rules, including the rules that had come into effect in 2014 as part of the MMR. We believe we have successfully implemented the relevant requirements of the FCA's implementation of the MCD through the second phase of our Regulatory Change Program, for which we also created a special project team of in-house specialists that analyzed our then existing policies, prepared the strategy and implemented the required changes. We had been proactively applying many of the standards of the regulated business to our operations in the retail second charge loan business prior to the introduction of the MCD, positioning ourselves ahead of these requirements in comparison with certain of our competitors that had previously only operated in non-FCA regulated markets. In addition, we submitted applications for the relevant permissions in the third quarter of 2015 and received full authorization for BFL and Spot Finance Limited in March and October 2016, respectively. See "*Regulation—Regulation of Residential Mortgages*."

Many of the regulatory obligations set out in this section are based on, or are derived from, EU measures. In June 2016, the UK public voted to leave the EU. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. See "*Risk Factors—Risks Relating to Our Business—The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.*"

Compliance and Quality Control

We have standalone retail purpose loans and commercial purpose loans and quality control teams.

We undertake compliance monitoring reviews including underwriting, collections, complaints and other thematic reviews which are selected using a risk assessment each year.

We have a comprehensive and ongoing training program in place for our underwriters. We also actively manage our relationships with brokers.

Underwriters

We undertake regular training of our underwriters, using external providers where there are training requirements outside of our internal capabilities. This includes training staff on regulatory requirements including those required around the Data Protection Act and, as applicable, by the FCA.

Our Quality Managers within our Retail purpose teams and Commercial purpose team management perform regular file reviews to ensure we are underwriting to the required standards we set. For our commercial purpose lending, all underwriting files are reviewed prior to funding. For our retail purpose lending, we carry out reviews on a random basis after the funding stage. Such reviews include assessments to ensure; all documents are present and correctly completed, adherence to our policies and procedures and a review of each lending decision, considering the underwriter's rational and whether each applicant's circumstances were given adequate consideration. In addition we undertake sample listening to underwriter's calls with the applicants for review and assessment.

If failings are identified, remedial action is taken. This includes re-assessing the underwriters training requirements and establishing an action plan for monitoring and improving the underwriter's performance.

Brokers

Our relationships with brokers are non-exclusive, covered by either service or accreditation agreements and actively managed through our broker business development team. Brokers must apply to become either "arrangers" or "packagers." Brokers are assessed for suitability with consideration given to their regulatory authorizations, process capacity and knowledge and experience of secured lending. Applications are reviewed by our Head of Sales and Marketing and our Risk team, which includes the evidencing of permissions. In the case of brokers permitted to act for us as arrangers, such brokers pass sales leads to us and we contact those individuals to offer our products and services, and, if accepted such individuals apply for a loan with us, our internal direct sales team will obtain any requirements from the customers and the underwriting team will proceed to process and package the loan. In the case of brokers permitted to act for us as packagers, such brokers collect certain information to support applications in line with our lending requirements and criteria and pass this information to us for our underwriting teams to review and check. The majority of brokers in our network are regulated by the FCA with Full Authorizations for regulated mortgage contracts (or, during the transitional period following the implementation of the MCD, with Interim Permissions for CCA regulated loans). We also collaborate with certain packagers who may not be FCA regulated directly but package loans on behalf of FCA regulated advisers who advise the customer. As part of our underwriting checks we ensure such advisers have the relevant permissions to give such advice. Only brokers who have been accredited to do so are permitted to provide mortgage illustration documentation to the customer.

We do not rely on any particular broker and regularly monitor the quality of service and information provided by each broker, through a combination of file reviews and performance assessments, of both the quality of the applications and the performance of the loans that have been sourced through such broker. We constantly evaluate whether we wish to continue working with such broker. If there is suspicion of fault, wrongdoing or error on the part of a broker, an investigation is conducted. Where appropriate, a broker will be informed in order for them to investigate the matter internally. Their findings and ours will be submitted to our Broker Monitoring Committee, a sub-committee of the Financial Crime Committee for consideration. If fault is found, we may make recommendations to the broker to improve their processes or policies, place the broker under a status of increased scrutiny or terminate our relationship with that broker. If a broker, or any employee of a broker, is found to be guilty of any element of fraud, appropriate action is taken, which could include cessation of business with that broker. Any suspicion of fraud is also reported to our internal risk department, which decides if the matter needs to be referred to the FCA or to the National Crime Agency.

Regulatory Proceedings

In December 2012, the FSA imposed a financial penalty of £1.2 million on CMCL, a subsidiary within our group that is regulated by the FCA, for certain historical issues between 2004 and 2010, relating to the application of arrears fees and charges and, in a limited number of cases, not sufficiently challenging the assessment of affordability provided by the customer. We established a provision of £3.0 million, most of which has been utilized, to cover redress costs in connection with the fees and charges review and this process is now complete. We established a provision of £2.3 million to cover potential redress costs in connection with the affordability reviews and income and distress payments, the majority of which has now been paid or applied to customer accounts. In addition, as CEO of CMCL, Henry Moser was fined £70,000 as he was deemed, in his capacity as CEO, to be ultimately responsible for the actions of CMCL. Mr. Moser stepped down from his position as CEO of CMCL on June 6, 2013, but remains the CEO of Jerrold Holdings, and was approved by the FCA to take up the role of a non-executive director of CMCL in July 2014 and of BFL in March 2016. For additional information, see "*Risk Factors—Risks Relating to Our Business—We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition*."

Legal Proceedings

We may from time to time become a party to claims and lawsuits in the ordinary course of our business, due to allegations such as unfair terms in our mortgage loan agreements, misrepresentation, third-party fraud and lending irresponsibly or to vulnerable borrowers. We are not currently involved in any material legal, regulatory or arbitration proceedings and, to our knowledge, no legal, regulatory or arbitration proceedings are currently threatened, that are expected to have a material adverse effect on our financial position.

FSCS Claim

In November 2014, the Supreme Court decided in Plevin, that the failure by the lender to disclose to a customer a large commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under section 140A of the CCA. It did not define a tipping point above which the commission was deemed to be “large.” The disclosure of such commission was not a requirement of the FSA (now FCA’s) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). In line with the rest of the industry, the FCA and FOS, we are considering the implications of the judgment on both current and prior claims made concerning PPI. The decision has a potential impact on the number of customers of our subsidiaries who may have a claim relating to PPI commission disclosure, mis-selling and the treatment of prior claims. Additionally, BFL, our subsidiary, has received a letter of claim sent on behalf of the FSCS, as a result of Plevin. FSCS has previously paid redress to customers bringing PPI mis-selling claims against insolvent brokers and has taken an assignment of such customers’ rights to bring claims in respect of PPI. FSCS now seeks to bring a claim against Blemain Finance Limited, standing in the shoes of such customers, based on Plevin, relating to undisclosed commission.

The FCA is currently undertaking a consultation with a view of making final rules regarding claims in respect of PPI, expected in December 2016. Based upon a probability of success matrix and expected claim rates, we have made provisions for these claims, however, there is a risk, depending on the interpretation and application of the judgment generally and our assessment of the likelihood and amount of the FSCS claim, that our provisions may not be sufficient to cover future claims and we may need to make additional provisions in the future. See “*Risk Factors—Risks Relating to Our Business—We may be required to make payments to customers pending reviews of past lending decisions and business practices in excess of provisions for such payments.*”

Employees

Our organizational and staff values are important attributes of our corporate culture and are carefully cultivated by our senior management. These shared values are embodied in the acronym “PACE”: Passionate, Accountable, Customer focused and Exceptional. We offer development, training and competence programs to our employees to ensure an ongoing corporate culture in line with these values.

For the years ended June 30, 2014, 2015 and 2016, we had an average of 353, 373 and 424 employees. The majority of our employees are based in our offices at Lakeside, Cheadle, England, with a small number considered “remote,” as their positions require frequent travel. None of our employees is represented by a labor union. We consider our relations with our employees to be good.

Regulation

Regulatory Framework

In the United Kingdom, the residential mortgage market is currently regulated by the FCA. The FCA regulates all regulated mortgage contracts and all contracts that fall within the CCA (including residential mortgage lending secured by a second or subsequent lien on property) and imposes specific obligations on mortgage lenders in respect of responsible lending. The EU directive on credit agreements for consumers relating to residential immovable property, the MCD, was published in February 2014 and it primarily sets the minimum regulatory requirements that Member States are required to meet in order to protect consumers taking out credit agreements relating to residential property. Member States, including the UK, were required to implement the MCD requirements by March 21, 2016. As a result, HM Treasury and the FCA, have combined the regulatory regimes for first and second charge mortgages into a single regulatory regime. Furthermore, the UK has introduced a new regulatory framework for CBTL mortgages.

As of June 30, 2016, 66.2% of our total loan book represented unregulated commercial purpose loans, 5.0% represented unregulated retail purpose loans, 7.6% represented FCA-regulated first-charge residential mortgages, and 21.2% represented FCA-regulated second-charge residential mortgages.

FCA Regime

The FCA's strategic objective is to ensure that its relevant markets function well. The FCA also has three operational objectives:

- to secure an appropriate degree of protection for consumers;
- to protect and enhance the integrity of the UK financial system; and
- to promote effective competition in the interests of consumers for regulated financial services or services carried out by regulated investment exchanges.

Its supervisory approach is outcomes-based and pre-emptive, and focused on delivering its statutory objectives.

The FCA Handbook sets out the FCA's legislative and other provisions, which have been made under powers given to the FCA under the FSMA.

The FCA has prescribed rules, principles and guidance (the "**FCA Rules**") in accordance with which our regulated retail operations must comply. The FCA Rules include rules that impose, among other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for mortgage lending firms to remain authorized as well as rules on the conduct of business, the fitness and propriety of individuals performing certain functions in our business, and treating customers fairly. The FCA Rules also impose certain minimum capital and liquidity requirements on FCA regulated firms.

The FCA has placed increased emphasis on compliance with the principle that a firm must pay due regard to the interests of its customers and treat them fairly. This was known as the "Treating Customers Fairly ("**TCF**") initiative" and formed a core part of the move towards principles-based regulation. The "Treating Customers Fairly" obligation requires FCA regulated firms, among other things, to demonstrate that senior management are taking responsibility for ensuring that consumer outcomes relevant to the business are delivered through maintaining an appropriate firm culture and good practice. The FCA has extended the principles of TCF, placing an emphasis on conduct risk. Conduct risk is the risk that detriment is caused to a firm's customers due to the inappropriate execution of business activities. Conduct risk builds on the foundation of TCF and looks at the wider issues relating to how a firm runs and operates its business with the customer's best interests at its heart. In line with this regulatory development, we have transitioned our TCF Committee into the Conduct Excellence ("**CE**") Committee, which has responsibility for monitoring of group culture and conduct risks, providing assurance to the CEO Executives, the Board and its subcommittees who each have responsibility for Conduct Risk oversight in accordance with our Risk Management Framework.

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly through the GABRIEL system, which the FCA uses to monitor adherence to continuing regulatory requirements. The FCA has broad investigative and disciplinary powers, including the power to impose fines and vary or cancel regulatory permissions. Failure to comply with the FCA Rules could lead to liability for damages to third parties, disciplinary action, public censures, fines, the imposition of other penalties, customers being compensated for losses, or the revocation or variation of authorizations to conduct business, in whole or in part.

We are committed to our obligations to take reasonable care to establish and maintain effective systems and controls for compliance with applicable requirements and standards under the regulatory system and for countering the risk that it might be used to further financial crime. We focus our attention on building and maintaining adequate policies, procedures, systems and controls to mitigate these risks. We aim to replicate many of the same standards of compliance with the high-level FCA regulations across our commercial operations, proportionate to the nature, scale and complexity of our business.

From March 2016, the FCA's application of the Senior Managers and Certification Regime ("**SM&CR**") entered into effect for banking firms and Solvency II insurers. The key features of the SM&CR are: (i) an approval regime focused on senior management, with requirements on firms to submit robust documentation on the scope of these individuals' responsibilities; (ii) a statutory requirement for senior managers to take reasonable steps to prevent regulatory breaches in their areas of responsibility; (iii) a requirement on firms to certify as fit and proper any individual who performs a function that could cause significant harm to the firm or its customers, both on recruitment and annually thereafter; and (iv) a power for regulators to apply enforceable rules of conduct to any individual who can impact their respective statutory objectives. In October 2015, HM Treasury announced the government's intention to extend the SM&CR to all sectors of the regulated financial services industry, replacing the "approved persons" regime. Thus, the SM&CR is expected to apply to the regulated entities and approved persons of the group from 2018, following further FCA consultation. Implementing the SM&CR will require significant attention from our management.

Regulation of Residential Mortgages

FSMA and its secondary legislation regulate residential mortgages in the United Kingdom. FSMA prohibits any person from carrying on a "regulated activity" by way of business in the UK unless that person is authorized or exempt (the "**General Prohibition**").

Under the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 ("**RAO**"), regulated activities include residential mortgage activities, such as entering into, administering, or advising or arranging in respect of "regulated mortgage contracts." Since March 21, 2016, a contract is a "regulated mortgage contract" if (unless otherwise excluded by virtue of purpose of the loan being mostly for business purposes and the borrower, or a related person, living in less than 40% of the dwelling), at the time it is entered into, the following conditions are met: (i) the contract is one under which a person (the "**lender**") provides credit to the individual or to trustees (the "**borrower**"); (ii) the contract provides for the obligation of the borrower to repay to be secured by a mortgage on land in the EEA; and (iii) at least 40% of that land is used, or is intended to be used, as or in connection with a dwelling. The United Kingdom's implementation of the MCD on March 21, 2016, brought subsequent charge mortgage regulation under the FCA mortgage regime. The definition of a "regulated mortgage contract" therefore comprises both first and subsequent charge residential secured loans. Previously, subsequent charge residential mortgage lending was regulated under the CCA. In April 2014, regulation transferred from the OFT to the FCA, with certain pieces of legislation and guidance from the OFT being replaced by FCA rules. See "*—Regulation of Consumer Credit Activities*."

Other regulated activities, which cover the activities of intermediating in the regulated mortgage market, include advising on, arranging and making arrangements with a view to transactions in, assisting in the administration of and dealing as agent in, certain types of investments.

Within our group of companies, CMCL has full FCA authorization for the following regulated activities: (i) advising on, arranging and making arrangements with a view to transactions in, administering and entering into, as a lender, regulated mortgage contracts; and (ii) advising on, arranging and making arrangements with a view to transactions in, assisting in the administration of and dealing as agent in, non-investment insurance contracts and credit broking; and agreeing to carry on any of the above activities. CMCL is also registered with the FCA as a lender, administrator, arranger and advisor for CBTL contracts.

If a mortgage contract is not made by an authorized person, the mortgage contract is unenforceable against the borrower and the borrower is entitled to recover any money or other property paid or transferred by him under the agreement and compensation for any loss sustained by him as a result of having parted with it. It is therefore important that CMCL maintain its regulatory authorization. The Mortgages and Home Finance Conduct of Business sourcebook ("**MCOB**") sets out rules in respect of regulated mortgage contracts and prohibits authorized firms from repossessing a property unless all other reasonable attempts to resolve the position have failed, including extending the term of the mortgage, changing its type and deferring payments of interest.

In 2011, the FSA began a mortgage market review on mortgage lending ("**MMR**"). The FSA published final rules on October 25, 2012, which amended existing conduct rules for mortgage lending in the FSA Handbook (the predecessor to the FCA Handbook). The new rules came into effect on April 26, 2014 and included rules on responsible lending (including rules on affordability assessments, stress testing against future interest rate increases and assessments of interest-only mortgages on a repayment basis unless there is a credible repayment strategy), mortgage distribution processes (including the removal of the non-advised sale process), disclosure documents and processes, arrears management and new rules for high net worth customers and business lending.

In October 2014, the FCA published final guidance to mortgage lenders to limit the total number of new residential mortgages at loan to income ratios at or greater than 4.5 times, to no more than 15%. The recommendation applies where either of the following conditions are met: (i) on an annual basis, the lender has entered into regulated mortgage contracts where the sum of the credit provided is or exceeds £100.0 million and the lender enters into 300 or more regulated mortgage contracts; or (ii) during two consecutive sets of four quarters, a firm has entered into regulated mortgage contracts under which the sum of credit provided in each set of four quarters is or exceeds £100.0 million and the firm has entered into 300 or more regulated mortgage contracts in each of those sets of four quarters. Currently, the recommendation only applies to first lien regulated mortgage contracts but may extend to second lien regulated mortgage contracts in the future.

The MCD came into effect on March 20, 2014 and sets out the minimum regulatory requirements that Member States are required to meet in order to protect consumers taking out credit agreements relating to residential property. Member States were required to implement the MCD requirements by March 21, 2016. The United Kingdom implemented the requirements of the MCD on March 21, 2016 by way of the Mortgage Credit Directive Order 2015 (SI 2015 No. 910) (the "**Mortgage Credit Directive Order 2015**") and updated the FCA Rules, including the rules that had come into effect in 2014 as part of the MMR. The changes bring second and subsequent charge mortgages within the FCA's regulatory regime for first charge mortgages by widening the scope of a "regulated mortgage contract" to include second and subsequent charges secured on land. Further, the UK has introduced a framework for activities involving "consumer buy-to-let mortgages," which are buy-to-let mortgages that are not entered into by the borrower wholly or predominately for the purposes of a business carried on, or intended to be carried on, by the borrower. The broking of buy-to-let mortgages is no longer a regulated credit activity. However, advising on, arranging, lending and administering CBTL mortgages are subject to regulation pursuant to the Mortgage Credit Directive Order 2015. This includes a prohibition on a person carrying out consumer buy-to-let mortgage business unless it is a registered consumer buy-to-let mortgage firm. In addition, there were a number of other key changes impacting both regulated first and second charge retail lending, including the introduction of the new Mortgage Illustration ("**ESIS**") to replace the previous Key Fact Illustration ("**KFI**"), a new Annual Percentage Rate Charge ("**APRC**") which replaced the previous APR and takes into account any charges the consumer is likely to incur during the life of the loan, enhanced rules regarding remuneration of staff and brokers, and further enhancements to rules regarding marketing and financial promotions to ensure these are fair, clear, and not misleading.

An Appointed Representative ("**AR**") is a firm or person who is party to a contract with an authorized firm permitting them to carry on certain regulated activities under that authorized firm's FCA permissions. An Introducer Appointed Representative ("**IAR**") is an AR that limits its activities to introducing and distributing promotions such as letters, faxes, leaflets, newspaper advertisements, TV and radio commercials—these are referred to as "non-real time financial promotions."

In respect of regulated mortgage contracts, the following firms are IARs of CMCL:

- AFL;
- BFL;
- BDFL;
- HARPL; and
- LMCL.

As a result of the widening scope of the "regulated mortgage contract" under the MCD, BFL applied for permission for administering regulated mortgage contracts in relation to its second charge mortgage lending. The FCA issued an authorization letter to BFL and the Financial Services Register was updated on March 21, 2016. New second charge mortgage lending from March 21, 2016 is originated through CMCL.

Regulation of Consumer Credit Activities

On April 1, 2014, the regulation of consumer credit under the CCA and secondary legislation thereunder transferred from the OFT to the FCA. Certain pieces of secondary legislation made under the CCA, as well as OFT guidance, have been replaced by the FCA Rules, although some pieces of secondary legislation remain. The reformed regulatory framework now comprises the Financial Services and Markets Act 2000 (including the General Prohibition) and its secondary legislation, retained provisions of the CCA and FCA Rules.

Under the new consumer credit regime, "regulated activities" under FSMA have been extended to include consumer credit activities, including entering into a "regulated credit agreement" as lender. A "regulated credit agreement" is an agreement between an individual or recipient of credit and another person under which the person provides the individual or recipient with credit of any amount, and the agreement is not an exempt agreement. "Credit" includes any cash loan or other financial accommodation. Exempt agreements include agreements that are predominately for business purposes and those secured on land for non-residential purposes. Other regulated consumer credit activities include credit broking, debt-related consumer credit activities, operating an electronic system in relation to lending and providing credit information services and credit references.

In order to facilitate the new consumer credit regime, the FCA established the consumer credit interim permission regime. Under this regime, firms which, immediately before April 1, 2014, did not have permissions to carry out regulated activities but held consumer credit licenses under the CCA in relation to consumer credit activities, could obtain interim permission to carry on the equivalent regulated activities under the FSMA. Firms which are already authorized by the FCA and which held consumer credit licenses could receive an interim variation of permission to carry on the equivalent regulated activities under the RAO.

The following subsidiaries are or were previously regulated in the UK:

- Spot Finance Limited previously had an FCA interim permission. It had applied for full authorization and the FCA issued an authorization letter to Spot Finance Limited on October 5, 2016.
- BFL previously had an FCA interim permission, however, because its second charge mortgage lending activities becoming regulated mortgage contracts under the MCD, we allowed such interim permission to expire and instead applied for permission for administering regulated mortgage contracts. The FCA issued an authorization letter to BFL and the Financial Services Register was updated on March 21, 2016.
- CMCL has the following relevant regulatory permissions: administering a regulated mortgage contract, advising on regulated mortgage contracts, arranging (bringing about) regulated mortgage contracts, entering into a regulated mortgage contract as lender and making arrangements with a view to regulated mortgage contracts and credit broking. Following implementation of the MCD, second charge residential mortgages are regulated mortgage contracts. As such, CMCL's regulatory permissions apply to such second and subsequent charge residential mortgages.
- Phone A Loan Limited previously had an interim permission, but we allowed this interim permission to lapse, as we do not intend to carry out any regulated activities through this subsidiary. Factfocus Limited also previously had an interim permission, but this was removed at our request, as we do not intend to carry out any regulated activities through this subsidiary and have transferred regulated loans to a different subsidiary within the group.

The interim permission regime was in place until April 1, 2016, by which date, firms must have applied to the FCA for authorization or variation of permission in relation to their regulated consumer credit activities during prescribed three month application periods specified by the FCA.

Until such firms are newly authorized by the FCA, the "interim permissions" will continue to apply, and such firms will be subject to certain sections of the FCA Rules, including senior management arrangements, systems and control rules, the threshold conditions, the supervision rules and the consumer credit sourcebook. Once a firm is fully authorized, the full regulatory requirements will apply, including approved persons rules, prudential standards, client asset rules, controller rules and periodic reporting.

As noted above, many of the provisions of the pre-existing statutory regime under the CCA and related secondary legislation will continue to apply to our business and our relationships with consumers, notwithstanding the transition to the FCA and the various new requirements introduced as a result. Although this summary does not purport to provide a full description of all such current or future requirements, a key ongoing area of responsibility for any properly regulated debt collection business arises under the Unfair Terms in Consumer Contracts Regulations 1999 (as amended, the "**UTCCRs**"), and as a result of the interaction of the UTCCRs with the CCA. This is also an area of the law in which further regulatory changes are anticipated in the medium-term.

Both the CCA and the UTCCRs set out specific requirements for the entry into and ongoing management of consumer credit arrangements.

The legislation includes both prescriptive and generic provisions on the terms of consumer credit agreements, the advertising of consumer credit services, and what constitutes, and the consequences of, any unfair relationships and unfair terms. This legislation applies both to our activities and to those of any initial credit provider with whom we have a relationship. The principal aim of the legislation is consumer protection. These legal requirements oblige creditors, among other things, to:

- provide customers with credit agreement documentation, containing prescribed provisions, at the outset;
- enable customers to obtain copies of credit agreement documentation;
- provide customers with prescribed forms of post-contractual notices at prescribed periods;
- not take certain recovery, collection or enforcement action unless prescribed forms of post contractual notices have been served and a prescribed period of time has elapsed;
- ensure that an "unfair relationship" does not arise between the creditor and the customer during the term of the credit agreement; and
- ensure that their credit agreements do not contain unfair terms (any unfair terms are not binding on the customer).

Under the CCA, a customer may request a court to determine whether there has been an "unfair relationship" between the customer and the lender. There are extensive and onerous requirements that apply when such a determination is made, and the burden of proof is on a lender to prove that an unfair relationship does not exist.

To the extent that the credit agreement is regulated by the CCA or treated as such, the credit agreement may be deemed unenforceable against the debtor if the lender does not hold the required consumer credit license at the point when the agreement is made. A credit agreement may also be unenforceable in whole or in part in cases where the lender fails to comply with certain other prescribed requirements of the CCA in relation to the content and process governing regulated credit agreements.

The UTCCRs apply to agreements which have not been individually negotiated, which are entered into with a consumer on or after October 1, 1999 and may affect our ability to seek enforcement of certain terms of its customers' original contracts, such as rights of the lender to vary the interest rate and certain terms imposing early repayment charges and terms which give the lender a unilateral right to vary the contract or interpret any term of the contract. In light of the broad and general wording of the UTCCRs which makes any assessment of the fairness of terms largely subjective, it is difficult to predict whether or not a court would find a term to be unfair. It is therefore possible that any credit agreement that has been made or may be made to customers covered by the UTCCRs may contain terms that are, if challenged, found to be unfair, which may result in the possible unenforceability of such terms of such credit agreement.

This may also result in an enforcement action by the FCA either for breach of specific CCA or UTCCRs requirements and/or non-compliance with the FCA's TCF or other principles.

On October 21, 2015, the Consumer Rights Act came into force. The adoption of the Consumer Rights Act resulted in a reform of consumer law in the United Kingdom including the revocation of the UTCCRs. The substantive provisions of the UTCCRs have, however, been retained in the Consumer Rights Act, which merges the provisions of the UTCCR's with the provisions of the (wider scope) Unfair Contract Terms Act 1977 to consolidate and clarify the two regimes. The Consumer Rights Act also extends the scope of the regulatory regime on unfair terms in part to "consumer notices" provided by the service provider.

Financial Ombudsman Service

The Financial Ombudsman Service ("**FOS**") acts as an independent adjudicator of the consumer complaints made to them. FOS makes a decision based on what is fair and reasonable and good practice rather than strictly on the basis of compliance with the law. Certain claims brought before the FOS attract a fee, which is paid by the business subject to the complaint, whether or not it successfully defends such case.

Data Protection

As a mortgage and secured lending business, we handle personal data and therefore classify as a "data controller." Consequently, we must comply with the requirements established by the Data Protection Act 1998 in relation to processing the personal data of our customers. The Information Commissioner's Office ("**ICO**") is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data and safeguarding the information rights of individuals and their rights to access their personal data. Any business processing personal data, such as mortgage lenders or debt collection firms, must maintain a data processing registration with the ICO for each of their companies. Our business maintains and processes significant amounts of personal data; therefore, we have a data protection policy and have established data protection processes to comply with the requirements of the Data Protection Act 1998 and the applicable guidance issued from time to time by the ICO, such as the handling of data subject access requests from individuals. The ICO is empowered to impose requirements or stop orders, issue monetary fines and prosecute criminal offenses under the Data Protection Act 1998.

Lending Code Standards

CMCL is a member of the Council of Mortgage Lenders and BFL and Spot Finance Limited are members of the Finance Leasing Association and these companies comply with the relevant standards set out by these organizations.

Regulatory Changes

We believe we have successfully implemented the transfer of consumer credit regulation from the OFT to the FCA (see "*Regulation—Regulation of Consumer Credit Activities*") via our comprehensive Regulatory Change Program. Furthermore, we have submitted authorization applications for the relevant firms of the group in the transition from the interim permissions regime to full FCA authorization.

We also believe we have successfully implemented the FCA's requirements in respect of the implementation of the MCD (see "*Regulation—Regulation of Residential Mortgages*") and CBTL regimes.

Many of the regulatory obligations set out in this section are based on, or are derived from, EU measures. In June 2016, the UK public voted to leave the EU. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. See "*Risk Factors—Risks Relating to Our Business—The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.*"

Management

Board of Directors of the Issuer

Bracken Midco1 plc is a public limited company incorporated under the laws of England and Wales and was formed for the purpose of facilitating the Transactions. The following table sets forth the names, ages and titles of the members of the Board of Directors of Bracken Midco1 plc, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	67	Director
Gary D. Beckett	47	Director

The following is biographical information for each member of the Board of Directors of the Issuer.

Henry N. Moser founded Jerrold Holdings in 1974 and is responsible for all aspects of the strategic and operational development of Jerrold Holdings. Mr. Moser has also taken the lead in the recruitment of an experienced executive team to support him and to help manage the business. Mr. Moser has input in all areas of the business, with particular emphasis on the strategic direction of the group and oversight of commercial loan underwriting functions.

Gary D. Beckett joined Jerrold Holdings in 1994 and was appointed Group Chief Finance Officer in 2001. Prior to his appointment as Group Chief Finance Officer, Mr. Beckett served multiple roles with Jerrold Holdings, including Financial Controller (1994-2001), Head of Human Resources (1997-2004), Group Operations Director (2000-2001), Group Chief Finance Officer (from 2001) and Company Secretary (1998-2008 and 2014-2016) and had oversight of compliance and governance between 2010 and 2013. Before joining Jerrold Holdings, Mr. Beckett had previously worked on the statutory audit of Jerrold Holdings at a national accountancy practice. Mr. Beckett holds a Bachelor of Arts (Honors) degree in Accountancy and Finance and is a qualified chartered accountant.

Board of Directors of the Company

The operational affairs of the group are managed by the Board of Directors of the Company. The Company is a private limited company incorporated under the laws of England and Wales. The following table sets forth the names, ages and titles of the members of the Board of Directors of the Company, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	67	Group Chief Executive Officer
Gary D. Beckett	47	Group Chief Finance Officer
Marc R. Goldberg	45	Commercial Chief Executive Officer
Peter S. Ball	48	Retail Chief Executive Officer
Marcus J.J.R. Golby	46	Group Services Director
Robert M. McTighe	62	Non-Executive Director and Chairman
Wayne Bowser	64	Non-Executive Director
Joseph M. Shaoul	76	Non-Executive Director
Steven J. O’Hare	41	Non-Executive Director
Nigel A. Dale	54	Company Secretary

The following is biographical information for each member of the Board of Directors of the Company who does not serve on the Board of Directors of the Issuer.

Marc R. Goldberg joined Jerrold Holdings in 1989 as an assistant underwriter. Mr. Goldberg was promoted to Underwriting and Product Development Manager in 1995, to Group Sales Director in 1997, to Group Commercial Director in 2009 and to Commercial Chief Executive Officer in January 2016. Mr. Goldberg was appointed to the Board of Directors in 2001.

Peter S. Ball joined Jerrold Holdings in August 2016 as Retail Chief Executive Officer. Mr. Ball has over 25 years’ experience working within the financial services sector having previously served as CEO of Harrods Bank, where he oversaw the rejuvenation of the bank. Mr. Ball’s previous roles also include Product and Commercial Director of Virgin Money Group, where he was responsible for sales and financial performance across the entire product range, and Director of Partnerships at MBNA/Bank of America.

Marcus J.J.R. Golby initially joined Jerrold Holdings on a consultancy basis working closely with the Chief Financial Officer before assuming the role of Group Services Director in January 2016. Mr. Golby has over 15 years' experience in the financial services sector, and has served as Chief Operating Office at RNM Financial, Interim Chief Operating Officer at Harrods Bank, and Customer Services and HR Director at Lifestyle Services Group. He has worked extensively for the HSBC Group where he undertook a number of senior roles including Director of Customer Services & Operations for Marks & Spencer Financial Services Plc, after starting his career at Coopers & Lybrand/PricewaterhouseCoopers. Mr. Golby is also a qualified Chartered Accountant and has a Master of Business Administration (MBA) Degree.

Robert M. McTighe was appointed a Non-Executive Director and Chairman in 2010. In addition Mr. McTighe also acted as interim CEO of the Retail division of Jerrold Holdings, between October 2015 and August 2016, when Mr. Ball joined Jerrold Holdings as Retail Chief Executive Officer. Mr. McTighe previously held the positions of Chief Executive of the Global Operations division of Cable & Wireless plc and Chief Executive and Chairman of Carrier1 International and was a director of Alliance & Leicester plc. Throughout his career he has held management positions at General Electric, Motorola and Philips. Currently, Mr. McTighe holds directorships at several companies, including WYG Group plc and Arran Isle Ltd. In the past he has successfully lead the turnaround of a number of companies, such as Pace, Volex Group and certain Lloyds Banking Group distressed debt positions. Additionally, Mr. McTighe was on the board of Ofcom, the independent regulator and competition authority for the UK communications industries, for over eight years until December 31, 2015. Mr. McTighe holds a Bachelor of Science in Electrical Engineering (Honors) from University College, London.

Wayne Bowser joined Jerrold Holdings in December 2015 as a Non-Executive Director and Chairman of the Audit Committee. Prior to joining Jerrold Holdings, Mr. Bowser worked at HSBC where he was deputy head of commercial banking. Mr. Bowser has held non-executive directorships at various leading firms, in sectors including house building, motor dealership and investments. Mr. Bowser is a member of the Chartered Institute of Bankers.

Joseph M. Shaoul was appointed a Non-Executive Director in 1997. Mr. Shaoul has held a number of directorships and consultancy positions, including Managing Director of Hypo Property Services, partner in a large Manchester based law firm, Field Cunningham Solicitors and Zatman & Co Solicitors, and consultant for Svenska Handelsbanken, and a non-executive director of Bridge Insurance Brokers Ltd and UK Land & Property Ltd. Mr. Shaoul has been a member of the Audit, Risk and Compliance Committee and the Remuneration Committee since their inception. Mr. Shaoul holds a Bachelor of Law degree from Manchester University and has been admitted to practice as a solicitor since 1964.

Steven J. O'Hare was appointed Non-Executive Director in 2013. Mr. O'Hare is a founding partner at Equistone Partners Europe (formerly Barclays Private Equity) and serves on its investment committee. During his eleven years of service at Equistone, Mr. O'Hare has led the investment and subsequent successful exit into a number of businesses, including certain FSA registered companies. He currently serves as a non-executive director on the boards of Fircroft, Travel Counsellors and Concept Life Sciences. Mr. O'Hare began his career at KPMG, within the financial services audit and corporate finance divisions. Mr. O'Hare is a member of the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee. Mr. O'Hare is a qualified Chartered Accountant and holds an MBA and a Bachelor of Arts (Hons) in Finance from Manchester University. As part of the Transactions, Mr. O'Hare will step down from Company's board of directors.

Nigel Andrew Dale joined Jerrold Holdings in April 2016 as Company Secretary and General Counsel. Mr. Dale served as a partner at Eversheds for the past 20 years and as head of the firm's banking team in Manchester, and has nearly 30 years' experience since qualifying as a lawyer in 1986. Mr. Dale holds a Bachelor of Law degree (LLB) from Nottingham University.

Management of our Retail and Commercial Divisions

We are in the process of implementing an amended corporate governance structure as the result of a corporate governance review, which was led by the non-executive directors of the Company with input from external consultants, to ensure that the governance structures remain robust and that sufficient resources are established to support growth plans and changes in the regulatory environment.

Pursuant to the review of our corporate governance structure, separate divisional boards have been established to manage our Retail and Commercial businesses, to enable each board to provide greater focus on the growth of its respective business segment. Each division will operate with its own respective board of directors and provide greater executive bandwidth to support the group board, with the Retail board having specific responsibility for our extended FCA regulated business. The process of recruiting new divisional executive and non-executive directors is nearing completion, and the Retail and Commercial boards are actively developing the reporting, controls and committee structures appropriate to each business. It is anticipated that the new divisional boards and each of their sub-committees will be fully operational by March 2017.

Retail Division Management

The Retail division comprises of CMCL, BFL and Spot Finance Limited, each of which is a private limited company incorporated under the laws of England and Wales. Each has its own Board of Directors, with the same members for all three entities.

The following table sets forth the names, ages and titles of the members of the Board of Directors of CMCL, BFL and Spot Finance Limited as of the date of this offering memorandum.

Name	Age	Title
David J. Bennett	54	Non-Executive Director and Chairman
Ronald Baxter	64	Independent Non-Executive Director
Colin M. Kersley	59	Independent Non-Executive Director
Robert M. McTighe	62	Non-Executive Director
Henry N. Moser	67	Non-Executive Director
Joseph M. Shaoul	76	Non-Executive Director
Peter S. Ball	48	Retail Chief Executive Officer
Gary D. Beckett	47	Group Chief Financial Officer
Marc R. Goldberg	45	Commercial Chief Executive Officer
Marcus J.J.R. Golby	46	Group Services Director
Nigel A. Dale	54	Company Secretary

The following is biographical information for each member of the Board of Directors of CMCL, BFL and Spot Finance Limited who does not serve on the Board of Directors of the Issuer or the Company.

David J. Bennett has been appointed as Non-Executive Director and Chairman of the Retail division, having previously served as a Non-Executive Director on the Board of Jerrold Holdings since 2011. In order to strengthen the independence of the Retail division, Mr. Bennett resigned from his position on the Board of Jerrold Holdings in January 2016. Mr. Bennett has had a long career in the financial services sector, previously having served as an executive director of Abbey, Cheltenham & Gloucester, Lloyds TSB and the National Bank of New Zealand. Additionally, Mr. Bennett served as Group Chief Executive of Alliance & Leicester from 2007 until its sale to Santander in 2008. His prior non-executive directorships have included easyJet and Bank of Ireland. Mr. Bennett is currently a non-executive director and Chairman of the Audit and Risk Committee of Paypal Europe, the Chairman of Homeserve Membership Ltd and is a non-executive director of Ashmore plc and Clydesdale Bank plc. Mr. Bennett holds a Master of Arts from Cambridge University.

Ronald Baxter joined Jerrold Holdings in March 2016 as an Independent Non-Executive Director in the Retail division. Mr. Baxter is currently a senior advisor at the PRA; part of the Bank of England, and has over 30 years' experience within the industry. Mr. Baxter has also been a senior advisor at the Financial Conduct Authority for over 10 years and has been involved in a wide variety of regulatory initiatives. Mr. Baxter is a Fellow of the Charted Insurance Institute and has a Bachelor of Laws (LLB) degree. He is also an Associate of the Chartered Institute of Bankers and has a Bachelor of Science degree in Financial Services.

Colin M. Kersley joined Jerrold Holdings in April 2016 as an Independent Non-Executive Director in the Retail division. Prior to joining Jerrold Holdings, Mr. Kersley spent the majority of his full-time career working in financial services in a number of senior positions within HSBC. His roles previously included Area Director, Regional Director and subsequently Chief Executive Officer at Marks & Spencer Bank. Mr. Kersley is also an Associate Member of the Chartered Institute of Bankers (ACIB).

Commercial Division Management

The Commercial division comprises of LMCL, HARPL, BDFL and AFL, each of which is a privately limited company under the laws of England and Wales. Each has its own board of directors, with the same members for all four entities.

The following table sets forth the names, ages and titles of the members of the Board of Directors of the Commercial division (through each of the four entities listed above) as of the date of this offering memorandum.

Name	Age	Title
Robert M. McTighe	62	Independent Non-Executive Director
Wayne Bowser	64	Independent Non-Executive Director
Henry N. Moser	67	Group Chief Executive Officer
Gary D. Beckett	47	Group Chief Financial Officer
Marc R. Goldberg	45	Commercial Chief Executive Officer
Helga C. Wright	47	Commercial Finance Director
Nigel A. Dale	54	Company Secretary

The following is biographical information for each member of the Board of Directors of LMCL, HARPL, BDFL and AFL who does not serve on the Board of Directors of the Issuer or the Company.

Helga C. Wright joined Jerrold Holdings in March 2016 as the Finance Director for the Commercial division and has over 15 years' experience in the financial services sector. Mrs. Wright most recently worked at the Co-Operative Bank as Finance Director for 3 years and prior to joining the Co-Operative Bank, Mrs. Wright served as Head of Finance at Lloyds Banking Group for 9 years. Mrs. Wright holds a Bachelor of Arts Degree from Durham University and is a qualified Chartered Accountant.

Senior Management of the Company

The following table sets forth the names, ages and positions of the members of the Company responsible for overseeing key support functions, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	67	Group Chief Executive Officer
Gary D. Beckett	47	Group Chief Financial Officer
Marc R. Goldberg	45	Commercial Chief Executive Officer
Peter S. Ball	48	Retail Chief Executive Officer
Marcus J.J.R. Golby	45	Group Services Director
Nigel A. Dale	54	Company Secretary/General Counsel
Helga C. Wright	47	Commercial Finance Director
Kevin G. A. Fisher	57	Human Resources Director
Simon Carter	54	Information Technology Director
Brian Jackson	47	Retail Operations Director
John Hunt	45	Chief Risk Officer

The following is biographical information for each of the members of our senior management team who does not serve on the Board of Directors of Issuer of the Company.

Kevin G. A. Fisher joined Jerrold Holdings in 2010 as Interim HR Director and was appointed Director of Human Resources in 2011. Between 2000 and 2009, Mr. Fisher served as group HR Director of the CPP Group, overseeing employees in Asia, Europe, North and South America. Prior to joining Jerrold Holdings, Mr. Fisher was the founder and director of KGA People Solutions Ltd. Mr. Fisher holds a post graduate diploma and is currently a fellow of the Charted Institute of Personnel and Development.

Simon Carter was appointed as IT Director in January 2014. Mr. Carter previously served as Group Quality and Systems Director on the Executive Board of RAC plc and as an IT Director of Cooperative Financial Services. Prior to joining Jerrold Holdings, Mr. Carter worked as an independent consultant advising chief information officers of organizations, including TNT Express and Thomas Cook. Mr. Carter holds a Master of Arts from Oxford University and is an alumnus of London Business School.

Brian Jackson joined Jerrold Holdings in July 2016 as Operations Director for the Retail division. Mr. Jackson joined the group from British Gas where he held various roles, more latterly the Director of Collections and Recovery. Mr. Jackson has previously served in various senior positions at MBNA Bank of America, more recently as Head of Collection, Recovery, Fraud and Credit Operations.

John R. Hunt joined Jerrold Holdings in June 2016 as the Chief Risk Officer for the Retail division. Mr. Hunt joined Jerrold Holdings from Nationwide where he held various roles including Director of Compliance Advice, Head of Group Risk for redeveloping Enterprise Risk Management Framework and various credit risk roles. Mr. Hunt has previously worked at GMAC RFC, Capital and GE Capital. Mr. Hunt is also a Qualified Chartered Accountant.

Board of Directors of the Company

The board of directors is responsible for setting risk appetite and for setting and overseeing delivery of our strategy within that risk appetite. The board of directors takes into account stakeholder considerations, while implementing a strong corporate governance framework. The board ensures that we have sufficient resource to meet its objectives and to comply with all legal, regulatory and contractual considerations and ensuring that the correct culture and conduct is embedded within the organization. The board of directors meets a minimum of six times during the year.

The board of directors delegates specific powers for certain matters to committees. All committees of the board of directors operate within defined terms of reference and sufficient resources are made available to them to undertake their duties.

Committees of the Board of Directors of the Company

Audit, Risk and Compliance Committee

Our Audit, Risk and Compliance Committee (the "**ARCC**") is comprised of Mr. Shaoul and Mr. O'Hare and is chaired by Mr. Bowser. Mr. Moser and Mr. Beckett are regular attendees of the ARCC, along with the external audit lead partner, the Head of Internal Audit and the Head of Group Risk. The Audit Risk and Compliance Committee responsibilities includes monitoring the integrity of our financial statements and the involvement of the external auditors, reviewing our internal control and risk management systems, ensuring compliance with accounting policies, legal, regulatory and contractual requirements, and providing independent oversight and challenge of the risk management framework and risk appetite. It also reviews and assesses the annual internal audit work plan and receives reports on the results of their findings. It formally reports to board on proceedings within his duties and responsibilities making recommendations on any area within its remit where action is required. The committee meets a minimum of four times during the year.

Reporting into the Audit Risk and Compliance Committee, and with their own delegated powers and responsibilities, are the Executive Risk Committee, the Credit Risk Committees, and Conduct Excellence Committee and the Financial Crime Committee.

Nomination Committee

Our Nomination Committee is comprised of Mr. Moser, Mr. Shaoul and Mr. Bowser and is chaired by Mr. McTighe. Mr. Beckett and Mr. Fisher are regular attendees of the Nomination Committee. The principal objective of the Nomination Committee is to support the Board of Directors by ensuring there is a formal, thorough and transparent procedure for the appointment of directors and senior management roles. Its duties include considering and making recommendations to the board in respect of appointments to the Board of Directors and the committees of the Board of Directors, determining policy governing the structure, size and composition of the board, including with respect to skills, knowledge and experience, ensuring that appropriate succession planning is in place and providing that appropriate individuals are identified and nominated to fill vacancies as and when they arise. The Nomination Committee formally reports to the Board of Directors after each meeting on matters within its duties and responsibilities. In addition, the committee makes recommendations to the Board of Directors on any area within its remit where action is required. The Nomination Committee meets at least four times during each year.

Remuneration Committee

Our Remuneration Committee is comprised of Mr. Moser, Mr. Shaoul, Mr. Bowser and Mr. O'Hare and is chaired by Mr. McTighe. Mr. Beckett and Mr. Fisher are regular attendees of the Remuneration Committee. The principal objective of the Remuneration Committee is to support the Board of Directors by ensuring there is a formal, comprehensive and transparent procedure for developing and implementing policy on remuneration for senior management and for determining the remuneration packages of individual directors. Its duties include setting the principles and parameters of the group's remuneration policy and determining the individual remuneration and benefits package of the executive directors and senior managers within an appropriate framework where rewards for enhanced performance are fair and incentivize the correct behavior. The remuneration of the non-executive directors is a matter for the Chief Executive Officer, the Chairman and the shareholders. The remuneration of the Chairman is a matter for the Chief Executive Officer, the independent non-executive director and the shareholders. The Remuneration Committee formally reports to the Board after each meeting on matters within its duties and responsibilities. In addition the committee makes recommendations to the Board on any area within its remit where action is required. The committee meets at least four times during each year.

Compensation of Directors and Senior Management

The aggregate salary and fees, performance-related remuneration and bonuses, pension contributions and other benefits paid to the directors and senior management listed under "—*Board of Directors of the Company*" and "—*Senior Management of the Company*" in the year ended June 30, 2016 was £3.7 million. During the year ended June 30, 2016, several individuals joined our Board of Directors and senior management team. As result, their compensation is not fully reflected in the aggregate compensation for the year ended June 30, 2016.

Share Ownership

Following the Transactions, Henry Moser, our Chief Executive Officer, will own directly or indirectly and, together with the D.L. Moser 1995 Family Settlement No1 Trust, all of the shares of the Issuer. For further details, see "*Shareholders*."

Management Incentive Plan

The senior management share incentive plan and the senior management share option incentive plan are referred to as the "**Management Incentive Plan**."

Senior Management Share Incentive Plan

In January 2015, we introduced a senior management share incentive plan with respect to the shares of the Company. The D Shares were issued to 18 individuals, under an employee share plan, each waiving their voting rights attached to the shares and certain statutory employment rights. These shares have a right to be included in any sale of the Company's share capital where the sale of shares represents more than 25% of the voting shares of the Company. The shares can also be compulsory repurchased or transferred by the Company under certain specific circumstances, such as upon the relevant employee's departure from the Company. Since issuance of the D Shares, three recipients have since left the Company and their shares have been transferred to the EB Trust. In connection with the Transactions, Midco2 will repurchase 30,000 D Shares from certain members of the Company's management and from the EB Trust for an aggregate amount of approximately £10.8 million.

It is our intention to extend the senior management share incentive plan at regular intervals to include new appointments and/or internal promotions to senior management roles. We refer to our intention to undertake such extensions of the senior management share incentive plan and participation in such plan, within certain contracts entered into with new executive members who have joined Jerrold Holdings within the 18 month period prior to the date of this offering memorandum.

Senior Management Share Option Incentive Plan

In January 2015, we introduced a senior management share option incentive plan with respect to the shares of the Company. Class E ordinary shares of the Company options were issued to 18 individuals. The options are exercisable where 25% of the share capital of the Company is sold, subject to certain conditions. The Transactions are not expected to trigger the conversion of any such share options. The options can be cancelled by the Company under certain specific circumstances, such as upon the relevant employee's departure from the Company. Since issuance of the Class E Share Options, four recipients have since left the Company and their corresponding options have been cancelled.

Staff Incentive Plan

In July 2014, we introduced a staff incentive plan (the "**Staff Incentive Plan**"). Under the Staff Incentive Plan, qualifying employees who have at least twelve months of continuous service will be eligible for a cash payment upon the occurrence of a "major corporate transaction," as determined by the Board of Directors and shareholders. The cash payment will be a specific percentage of each employee's salary on a graduated scale—25% for 1-3 years, 50% for 3-6 years, 75% for 6-10 years and 100% for 10 years or more. In the case of more senior staff, the percentages may be multiplied by two at the discretion of the Remuneration Committee. The payment comes in two installments and is completely taxable. As of June 30, 2016, we have paid £nil under the Staff Incentive Plan. As a result of the Transactions, eligible participating employees will receive approximately £8.3 million in two installments over 18 months following the Transactions, subject to vesting.

Topco Senior Management Share Incentive Plan

Following the Issue Date, a New Management Incentive Plan may be established through the Issuer or a direct or indirect parent company of the Issuer pursuant to which it is expected that shares in the Issuer or a direct or indirect parent company of the Issuer will be issued to certain members of the group's management.

Shareholders

As of the date of this offering memorandum, the authorized and issued share capital of the Issuer consisted of 5,400,000 ordinary shares of £0.01 par value each. Following the Transactions, all the issued share capital of the Issuer will be held by Famco, which in turn will be wholly owned by the Moser Family Shareholders.

Related Party Transactions

The Issuer and its subsidiaries enter into transactions with their respective shareholders and other entities owned by, or affiliated with, their direct and indirect shareholders in the ordinary course of business. The following discussion is a brief summary of certain material arrangements, agreements and transactions the Issuer and its subsidiaries have with related parties.

Regular Business Transactions

Bracken House Properties LLP, a company owned by the Moser Family Shareholders, owns the building in which we lease our offices located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom. Our Lake View lease, which is for a term of 15 years and contains a 10-year break clause, commenced on March 1, 2012, with a rent-free period through July 31, 2012. As of and for the year ended June 30, 2016, rent and services fees paid by us to Bracken House Properties LLP amounted to £1,071,130.

Sterling Properties Co Limited, a subsidiary of Bracken House Properties, provides property management services to us for the properties we repossess or place into LPA receivership. See "*Business—Our Operations—Repossessions and LPA Sale.*" As of and for the year ended June 30, 2016, property management fees paid by us on behalf of Sterling Properties Co Limited amounted to £185,636.

In the past, Charles Street Commercial Investments Limited, a company owned by Henry Moser, paid us introduction fees when we referred them potential borrowers to whom we cannot lend, including for falling outside our lending criteria. For the years ended June 30, 2015 and 2016, introduction fees paid to us by Charles Street Commercial Investments Limited amounted to £12,660 and £nil, respectively.

The Blemain Finance Pension Fund

The Blemain Finance Pension Fund, of which Henry Moser, our Chief Executive Officer is a trustee, operates a defined pension contribution scheme for Blemain Finance Limited, a wholly owned subsidiary of the Company. Henry Moser is one of two beneficiaries of the Blemain Finance Pension Fund. No contributions have been made to the Blemain Finance Pension Fund since 2004.

Related Party Loans

Prior to 2008, we entered into three loan transactions with companies owned by Henry Moser as borrowers on commercial terms. As of June 30, 2016, these loans represented 0.5% of our total loan assets.

Existing Subordinated Shareholder Loan Notes

In the past, we have issued the Existing Subordinated Shareholder Loan Notes to our shareholders, the proceeds of which we used to fund in part our total loan assets. As of June 30, 2016, Jerrold Holdings had £60.0 million outstanding in Existing Subordinated Shareholder Loan Notes. Of these Existing Subordinated Shareholder Loan Notes, £40.0 million was due to D.L. Moser 1995 Family Settlement No1 Trust, a trust for the family of Henry Moser, £8.0 million was due to Henry Moser, £9.9 million was due to Equistone Partners Europe and £2.1 million was due to Standard Life Investments. The Existing Subordinated Shareholder Loan Notes are being repaid as part of the Transactions. See "*Summary—The Transactions*."

Novated Shareholder Loan Notes

As part of the Transactions, the Company is issuing £43.0 million of shareholder loan notes which will be novated to Famco (the "**Novated Shareholder Loan Notes**"). In exchange for the novation, the Company, Midco2, the Issuer, Topco and Famco will enter into intercompany loans by virtue of which the Company, Midco2 and the Issuer will each borrow £43.0 million from Midco2, the Issuer, Topco and Famco, respectively. See "*Summary—The Transactions*."

Senior Secured Intercreditor Agreement

On October 13, 2016, the Company, the Senior Secured Notes Issuer, the Senior Secured Notes Subsidiary Guarantors, the trustee for the Senior Secured Notes and the security agent for the Senior Secured Notes and Revolving Credit Facility, among others, entered into an amended and restated intercreditor agreement (the

"**Senior Secured Intercreditor Agreement**"), to govern the relationships and relative priorities among the holders of the Senior Secured Notes; the lenders under the Revolving Credit Facility, counterparties to certain hedging arrangements and intra-group creditors and debtors. The Senior Secured Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain debt, when payments can be made in respect of debt, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions. Subject to the terms of the Senior Secured Intercreditor Agreement, secured indebtedness up to an amount equal to 10% of the aggregate principal amount of senior secured non-securitization indebtedness (excluding senior secured non-securitization indebtedness that receives priority status) and hedging obligations may receive priority over the holders of the Senior Secured Notes with respect to any proceedings received upon any enforcement action over the collateral.

Vendor Notes

On or about the Issue Date, the Funds will hold £100.0 million in aggregate principal amount deferred interest payment-in-kind notes issued by Topco. The Vendor Notes will mature on the date that is 5.5 years subsequent to the Issue Date. Topco may from time to time redeem the Vendor Notes, in full or in part.

The Vendor Notes shall bear interest at the following rates per annum:

- for the first 12 months subsequent to the Issue Date: 0%;
- from 12 months subsequent to the Issue Date to 18 months subsequent to the Issue Date: 7.5%;
- from 18 months subsequent to the Issue Date to 24 months subsequent to the Issue Date: 12.5%;
- from 24 months subsequent to the Issue Date to 36 months subsequent to the Issue Date: 15%;
- from 36 months subsequent to the Issue Date to 48 months subsequent to the Issue Date: 20%; and
- after 48 months subsequent to the Issue Date: 25%.

Topco may elect to pay interest on the Vendor Notes in cash or by compounding with the then-outstanding principal amount of the Vendor Notes the amount of interest that would have been payable as of such date.

The Vendor Notes will not be guaranteed by the Issuer or any of its subsidiaries. The Vendor Notes are secured by a debenture providing for a first-priority security interest in the shares of the Issuer (the "**Vendor Notes Security Document**"). The Funds, the security agent for the Vendor Notes, Topco and the Trustee will enter into an agreement (the "**Standstill Agreement**") on or about the Issue Date under which the Funds and the security agent for the Vendor Notes will agree that, until the earlier of the date that is 5.5 years subsequent to the Issue Date and the date on which all present and future liabilities and obligations at any time of the Issuer under or in respect of the Notes and the Indenture have been fully and finally discharged to the satisfaction of the Trustee, neither the Funds nor the security agent with respect to the Vendor Notes will take any Enforcement Action (as defined in the Standstill Agreement) with respect to the Vendor Notes Security Document.

Prior to the date on which all obligations under the Notes and the Indenture have been discharged in full, Topco will be restricted from incurring any further liabilities without consent of the holders of the Vendor Notes. The Vendor Notes will include certain events of default that apply at any time after the maturity date of the Vendor Notes.

Description of Certain Financing Arrangements

Senior Secured Notes

General

On October 13, 2016, Jerrold FinCo plc (the "**Senior Secured Notes Issuer**"), a finance subsidiary of the Company, issued £375.0 million $6^1/_4$% Senior Secured Notes due 2021 (the "**Senior Secured Notes**"). The offering is not subject to the registration requirements of the U.S. Securities Act. The Senior Secured Notes are governed by an indenture to be entered into by, *inter alios*, Jerrold FinCo plc as issuer, Deutsche Trustee Company Limited as trustee, the Company as parent guarantor and the Senior Secured Notes Subsidiary Guarantors as guarantors.

Maturity and Interest

The Senior Secured Notes mature on September 15, 2021. The Senior Secured Notes bear interest at a rate of $6^1/_4$% per annum and the Senior Secured Notes Issuer pays interest on the Senior Secured Notes semi-annually in arrears on March 15 and September 15 of each year.

Ranking

The Senior Secured Notes are the senior secured obligations of the Senior Secured Notes Issuer and rank *pari passu* in right of payment with all existing and future indebtedness of the Senior Secured Notes Issuer that is not expressly subordinated in right of payment of the Senior Secured Notes. The Senior Secured Notes rank senior in right of payment to all existing and future indebtedness of the Senior Secured Notes Issuer that is subordinated in right of payment of the Senior Secured Notes.

The Senior Secured Notes are guaranteed on a senior secured basis by the Company and each of the following subsidiaries of the Company: Blemain Finance Limited, Cheshire Mortgage Corporation Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.Co.Uk Limited, Auction Finance Limited, and Together Financial Services Limited (the "**Senior Secured Notes Subsidiary Guarantors**" and, together with the Company, the "**Senior Secured Notes Guarantors**"). The guarantees rank senior in right of payment to the respective Senior Secured Notes Guarantor's future debt that is expressly subordinated in right of payment to such guarantee and rank *pari passu* in right of payment with the respective Senior Secured Notes Guarantor's existing and future debt that is not so subordinated, including such Senior Secured Notes Guarantor's obligations under the Revolving Credit Facility.

Subject to the terms of the Senior Secured Intercreditor Agreement, secured indebtedness up to an amount equal to 10% of the aggregate principal amount of senior secured non-securitization indebtedness (excluding senior secured non-securitization indebtedness that receives priority status) and hedging obligations may receive priority over the holders of the Senior Secured Notes with respect to any proceedings received upon any enforcement action over the collateral.

The Senior Secured Notes are secured by first-priority fixed and floating security interests in:

- all of the issued capital stock in the Senior Secured Notes Issuer and each Senior Secured Notes Subsidiary Guarantor;
- substantially all of the existing and future property and assets of the Senior Secured Notes Issuer and the Senior Secured Notes Guarantors, including all real property, book debts, bank accounts, investments, uncalled capital and goodwill, intellectual property, plants and machinery and insurances and all related proceeds, claims of any kind, returns of premium and other benefits, other than collection accounts (but excluding assets of the Conduit Securitizations); and
- an assignment of each of the proceeds loans from the Senior Secured Notes Issuer to the Company with respect to the proceeds of the Senior Secured Notes.

The Senior Secured Notes and the guarantees thereof may, subject to certain agreed security principles and limitations under applicable law, be released under certain circumstances.

Redemption

At any time on or prior to September 15, 2018:

- the Senior Secured Notes Issuer may redeem some or all of the Senior Secured Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a make-whole premium; and
- the Senior Secured Notes Issuer may redeem up to 40% of the aggregate principal amount of the Senior Secured Notes at 106.250% plus accrued and unpaid interest with the proceeds of certain equity offerings, provided that at least 60% of the aggregate principal amount of the Senior Secured Notes remains outstanding

The Senior Secured Notes Issuer may redeem the Senior Secured Notes in whole, but not in part, at any time, if, as a result of certain changes in tax law the Senior Secured Notes Issuer is or would be required to pay additional amounts with respect to the Senior Secured Notes. If the Senior Secured Notes Issuer decides to exercise such redemption right, it must pay a price equal to 100% of the principal amount of the Senior Secured Notes plus interest and additional amounts, if any, to the date of redemption.

On or after September 15, 2018, the Senior Secured Notes Issuer may redeem some or all of the Senior Secured Notes at 103.125% of the principal amount plus accrued and unpaid interest, if any. On or after September 15, 2019, the Senior Secured Notes Issuer may redeem some or all of the Senior Secured Notes at 101.563% of the principal amount plus accrued and unpaid interest, if any. On or after September 15, 2020, the Senior Secured Notes Issuer may redeem some or all of the Senior Secured Notes at 100% of their principal amount plus accrued and unpaid interest.

Change of Control and Asset Sale Offers

If an event treated as a change of control occurs, then the Senior Secured Notes Issuer may be required to make an offer to repurchase the Senior Secured Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

In the event of certain asset sales, after which the proceeds are not reinvested in the form envisaged by the Senior Secured Notes Indenture and as a result of which such proceeds exceed £20.0 million, the Senior Secured Notes Issuer is required to make an offer to repurchase the Senior Secured Notes at 100% of their principal amount.

Dividends

Under the terms of the Senior Secured Notes Indenture, the Company may not declare or pay a dividend (in cash or in kind) other than:

- a dividend in an amount not exceeding (i) 50% of the aggregate of the consolidated net income of the Company and its subsidiaries from the period commencing July 1, 2013 to the end of the Company's most recently ended fiscal quarter; plus (ii) 100% of any additional equity contributed to the Company in cash since July 1, 2013; less (iii) any such prior dividends. No such dividend or similar payments may be made where (i) on a pro forma basis, the Company and its restricted subsidiaries would be not able to incur an additional £1.00 of indebtedness without the ratio of the Company's consolidated EBITDA (as defined in the Indenture) to the Company's fixed charges (excluding fixed charges related to the Conduit Securitizations) exceeding 2.00 to 1.00; or (ii) a Default or Event of Default has occurred and is continuing or would occur thereby pursuant to the Senior Secured Notes Indenture; or
- pursuant to customary carve outs, including a "general basket" of up to £30.0 million.

Events of default

The Senior Secured Notes Indenture contains customary events of default, including, without limitation, payment defaults, incurrence covenant defaults, breach of other obligations set forth in the Senior Secured Notes Indenture, the Senior Secured Intercreditor Agreement or any security document with respect to the Senior Secured Notes after a 60 day grace period, certain cross-defaults to mortgages, indentures or other instruments in relation to indebtedness aggregating £30.0 million or more not being paid prior to the expiration of the grace period provided in the agreements related to such indebtedness or such indebtedness becoming due and payable before its specified maturity, failure to pay final judgments in excess of £30.0 million, any guarantees under the Senior Secured Notes being found to be unenforceable or invalid, breach of any material representation or warranty or agreement in the security documents securing the Senior Secured Notes or the unenforceability of the security documents securing the Senior Secured Notes (subject to certain limitations and grace periods), certain insolvency, winding-up or related events, the occurrence of which, with respect to certain events of default, would result in the Senior Secured Notes becoming due and payable or, with respect to certain other events of default, would allow noteholders to declare the Senior Secured Notes due and payable.

Covenants

The Senior Secured Notes Indenture contains covenants for the benefit of the holders of the Senior Secured Notes that, among other things, limit the ability of the Senior Secured Notes Issuer and the Company and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain security interests;
- impose restrictions on the ability of the Company's subsidiaries to pay dividends or make other payments to the Senior Secured Notes Issuer;
- transfer, lease or sell certain assets, including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- impair the security interests for the benefit of the holders of the Senior Secured Notes.

These limitations are, however, subject to a number of important qualifications and exceptions. If the Senior Secured Notes are assigned an investment grade rating by Standard & Poor's and Fitch Ratings and no default has occurred and is continuing, certain covenants, including those governing the incurrence of debt and the limitation on restricted payments, will be suspended.

Revolving Credit Facility

We entered into a revolving credit facility on November 9, 2007, as amended and restated on August 28, 2012, as amended and restated on September 27, 2013, as amended and restated on July 28, 2014, as amended and restated on August 27, 2015, as amended on January 11, 2016 and as amended and restated on or about the Issue Date and as may be amended from time to time (the "**Revolving Credit Facility**"), with, among others, certain of our subsidiaries as borrowers, certain of our subsidiaries as guarantors and The Royal Bank of Scotland plc and HSBC Bank plc as mandated lead arrangers. The Revolving Credit Facility consists of a sterling-denominated revolving credit facility with a total commitment, as of January 2016, of £29.0 million, which may be increased up to an amount no more than £30.0 million. As of June 30, 2016, the Revolving Credit Facility was fully drawn. The Revolving Credit Facility expires on August 28, 2017. Borrowings under the Revolving Credit Facility are available to fund general corporate purposes and working capital requirements.

Repayments and Prepayments

Repayments of loans drawn under the Revolving Credit Facility and related interest payments are due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be one, two, three or six months.

Additionally, if there (i) is a change of control, (ii) the D.L. Moser 1995 Family Settlement No1 Trust or another trust of the Moser Family Shareholders under certain conditions is terminated, or (iii) it becomes unlawful in any jurisdiction for a lender to perform their obligations, the lenders under the Revolving Credit Facility have the right to cancel their commitments and declare all outstanding amounts immediately due and payable.

Interest

Loans under the Revolving Credit Facility bear interest at a rate equal to the aggregate of LIBOR and a margin of 3.75% per annum.

Guarantees and Security

The Revolving Credit Facility is irrevocably and unconditionally jointly and severally guaranteed by the Senior Secured Notes Issuer and each of the Senior Secured Notes Guarantors and secured by charges over the collateral securing the Notes.

Covenant, Representations, Warranties and Undertakings

The Revolving Credit Facility contains certain financial covenants that must be maintained, which are:

- consolidated senior secured gearing ratio (calculated as secured, non-securitization financial indebtedness as a percentage of the non-securitization secured property loans held by the group) of no more than 67% at any time;
- fixed charge corporate debt coverage ratio (calculated as the ratio of consolidated EBITDA to net finance charges in respect of the prior twelve month period) shall not be less than 1.75:1;
- that no more than 32% of the amounts owed to the group in respect of the non-securitization secured loans shall be secured on properties which had an original loan to value ratio in excess of 75%;
- on each quarterly testing date, the aggregate of losses after enforcement on secured, non-securitization loans in the previous 12 months shall not exceed 10% of the aggregate principal balance of secured, non-securitization loans held by the group; and
- group tangible net worth (calculated as the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Company and its subsidiaries, including any loan notes and preference shares, any credit balance on the consolidated profit and loss account of the Company and the aggregate amount of the consolidated reserves of the Company and its subsidiaries, less any debits, money reserved for certain purposes, including, tax payments, dividends and goodwill) in respect of any period specified below shall not be less than £375,000,000.

The financial covenants are tested quarterly and in limited circumstances the Company has the ability to cure a breach of the financial covenants.

The Revolving Credit Facility also contains customary representations, warranties and undertakings common to facilities of this type, subject to certain agreed exceptions, including undertakings that restrict the members of our group from creating or permitting to subsist security over any assets, disposing of assets, entering into mergers or other corporate reconstruction and changing our business.

Dividend Capacity under the Revolving Credit Facility

The Revolving Credit Facility permits the Company, in certain circumstances and subject to certain conditions, to make distributions from time to time in an aggregate amount not exceeding 50% of cumulative retained earnings (being the aggregate of consolidated net income from July 1, 2013 to the date of measurement), plus an amount equal to 100% of additional equity contributions (being amounts subscribed for by any person in cash for non-redeemable shares in any member of the group since July 1, 2013 (to the extent such amount is actually received), but excluding any amount used for the purposes of curing a financial covenant breach).

The Revolving Credit Facility prohibits members of the group from making any the payment, prepayment or repayment of principal, interest or any other amounts in respect of either of the Midco2 Shareholder Loan Notes Novation Intercompany Loan or the Subordinated Loan Notes Repayment Intercompany Loan, other than to the extent funded from the permitted distribution capacity.

Events of Default

The Revolving Credit Facility contains certain standard events of default, the occurrence of which would allow a majority of the lenders to cancel their commitments, accelerate all outstanding loans, accrued interest and other amounts and declare them due and payable and to enforce the lenders' rights under the Revolving Credit Facility and certain other related documents. These events of default include, among other events and subject in certain cases to agreed grace periods, thresholds and qualifications:

- non-payment of amounts due under the applicable documents;
- failure to satisfy financial and other covenants, undertakings and other obligations;

- inaccuracy of a representation or statement when made or deemed to be made;
- cross-default;
- any required authorization is not granted or is revoked or terminated or expires;
- insolvency or any proceedings or analogous processes in connection with insolvency;
- expropriation, attachment or similar with regard to the assets of the group or a judgment or order made against an obligor in relation to indebtedness;
- occurrence of a change of control of any subsidiary of the Company that is an obligor under the Revolving Credit Facility;
- unlawfulness or invalidity of certain documents related to the Revolving Credit Facility
- expropriation, seizure or nationalization with regard to the business or assets of the group;
- repudiation and rescission of certain agreements, including those related to the Revolving Credit Facility;
- any security interest becomes unenforceable;
- cessation of business;
- seizure;
- any document related to the Revolving Credit Facility becomes unenforceable;
- failure of any party (other than a secured party) to comply with its obligations under the Senior Secured Intercreditor Agreement;
- audit qualification;
- material adverse change;
- any litigation, arbitration or administrative proceedings of or before any court or equivalent body, against a group member or its assets;
- pensions regulator issuing certain directions or notices against the group with a value of at least £1.0 million; and
- the Senior Secured Notes are downgraded below B+ by Standard & Poor's and Fitch.

Governing law

The Revolving Credit Facility is governed by English law.

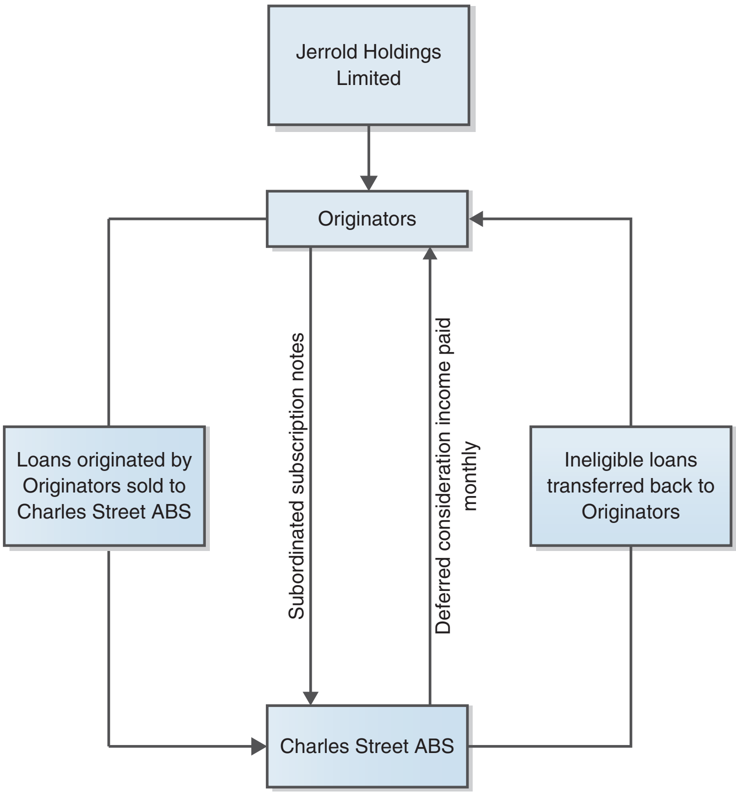
Conduit Securitizations

We entered into a series of agreements on November 12, 2007, as amended and restated on August 28, 2012, November 24, 2014, and March 7, 2016, in connection with the establishment of a securitization program for certain of our mortgage loans, which is known as the CABS Securitization. On August 13, 2015, we entered into a second series of agreements, in connection with the establishment of a second securitization program for certain of our mortgage loans, which is known as the LABS Securitization. The CABS Securitization funds both our retail purpose loan and commercial purpose loan business, while our LABS Securitization funds primarily our commercial purpose loan business, with a focus on short-term commercial lending.

The CABS Securitization

Pursuant to the CABS Securitization, we sell on a random basis certain of our eligible mortgage loans to Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of the CABS Securitization, pursuant to the Charles Street ABS Mortgage Sale Agreement. Loan Originators, who are subsidiaries of the Company within the Borrower Group sells all right, title and full interest on certain loans on a continuous basis. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain lenders, under the Charles Street ABS Variable Funding Note Issuance Facility, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to the loan Originator within the Borrower Group through the Amended and Restated Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Charles Street ABS. The amounts received from the servicing and redemption by borrowers of the loans that Charles Street ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Charles Street ABS. On a monthly basis, Charles Street ABS, pursuant to the priority of payments provided in the Charles Street ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration (approximately £7.0 million per month, or approximately £84.1 million paid in the year ended June 30, 2016 for Charles Street ABS). The current delinquency rate is approximately 3.6%, and has steadily decreased since 2010. For the year ended June 30, 2016, approximately £32.1 million of loans were returned to the Originators as (ineligible/non-performing loans) with a weighted average indexed LTV of 50.6%. Of the loans returned from the securitization, the average annual capital losses were less than £0.1 million from January 1, 2013 to June 30, 2016.

Please see the diagram below for a simplified overview of the CABS Securitization.



Mortgage loans sold to Charles Street ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us, and the notes that Charles Street ABS issue to its lenders are also maintained on our consolidated balance sheet as liabilities due to creditors. Charles Street ABS is consolidated into our consolidated financial statements. The Conduit Securitization under Charles Street ABS expires on January 31, 2021. The various agreements comprising the CABS Securitization are governed by English law.

Amended and Restated Variable Funding Note Issuance Facility Agreement

The Amended and Restated Variable Funding Note Issuance Facility Agreement (the "**Charles Street ABS Variable Funding Note Issuance Facility**") is an agreement entered into among, among others, certain of our subsidiaries (each an "**Originator**" and, together, the "**Originators**"), Charles Street ABS and The Royal Bank of Scotland plc, Natixis, London Branch, Regency Assets Limited (an affiliate of HSBC Bank plc), Gresham Receivables No 20 Limited (an affiliate of Lloyds Bank plc) and Barclays Bank PLC (the "**CABS Note Purchasers**"). Subject to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, which expires on January 31, 2021, the CABS Note Purchasers have agreed to make available to Charles Street ABS a revolving interest bearing variable funding note purchase facility to finance the acquisition by Charles Street ABS of certain of our mortgage loans. The notes issued under the Charles Street ABS Variable Funding Note Issuance Facility mature in December 2050, however, the CABS Note Purchasers' commitments will only be available until January 31, 2020, after which the notes issued thereby will amortize until January 31, 2021, on which date they will become repayable. Total commitments under the Charles Street ABS Variable Funding Note Issuance Facility are £1,000.0 million. As of June 30, 2016, £760.0 million notes were issued and outstanding under the Charles Street ABS Variable Funding Note Issuance Facility.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS may request that the CABS Note Purchasers make an additional subscription, provided that the maximum aggregate amount that may be requested shall not exceed the maximum net investment minus the aggregate nominal amount of the notes already issued. The maximum net investment is defined as the lower of the borrowing base and the total commitments. The facility is currently rated at Aa2 (sf) by Moody's and AA (sf) by DBRS. In the event the notes do not meet the required ratings (Aa3 (sf) or AA (low) (sf) from any two of Fitch, Moody's, S&P and DBRS) for a period exceeding three months, further notes may not be drawn and subject to certain cure periods the facility will be amortized by the level of cash receipts received. Subject to certain conditions, the total commitments may be increased by a further £100.0 million.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS intends to issue notes to the CABS Note Purchasers and the CABS Note Purchasers agree to subscribe to such notes, provided that, upon such subscription, the aggregate nominal amounts of the notes outstanding does not exceed the lesser of a borrowing base and their total commitments. Each purchase of notes is subject to the condition precedent that Charles Street ABS has issued an amount of subordinated subscription notes pursuant to the Amended and Restated Subordinated Note Subscription Agreement equal to or greater than a required subordinated subscription note level. The applicable margin may vary depending on the rating of the notes. Although the margin may be increase under certain circumstances, including the inability of the note purchaser to fund the notes, such increase has never occurred since the inception of the securitization in 2007 to the date of this offering memorandum. Maturing notes can be redeemed with cash at their face amounts or with a new note.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS may only use the proceeds from its issuances of notes for the purchase of loans from the Originators pursuant to the Charles Street ABS Mortgage Sale Agreement and other purposes in connection with the CABS Securitization. The loans that Charles Street ABS purchases from the Originators must comply with certain covenants that govern the mix and quality of the assets within the CABS Securitization, including, among others, in respect of the ratio of loans secured by residential property to those secured by commercial property, the origination LTV of each individual loan, the aggregate principal balance and the weighted average LTV of certain kinds of loans, the aggregate weighted average LTV, geographical distribution, principal balances, interest rates, the ratio of mortgages with roll-up provisions and lengths of delinquency.

The Charles Street ABS Variable Funding Note Issuance Facility contains standard representations and warranties, covenants, defaults, indemnities and other provisions that are customary for facilities of this nature. Under the Charles Street ABS Variable Funding Note Issuance Facility, sale demand events include failure on the part of Jerrold Holdings to maintain a senior interest cover ratio, a total interest cover ratio and a tangible net worth threshold. For additional information, see "*—Revolving Credit Facility—Covenant, Representations, Warranties and Undertakings*."

Under the Charles Street ABS Variable Funding Note Issuance Facility, the rights of parties to pursue legal action against Charles Street ABS or the CABS Note Purchasers, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS or any CABS Note Purchaser, entirely waived. The notes are listed on the Channel Islands Securities Exchange.

Amended and Restated Subordinated Note Subscription Agreement

The Amended and Restated Subordinated Note Subscription Agreement is an agreement entered into among, among others, Charles Street ABS and the Originators as subordinated noteholders (the "**CABS Subordinated Noteholders**"). Under the terms of the Amended and Restated Subordinated Note Subscription Agreement, the Subordinated Noteholders have agreed to subscribe to subordinated subscription notes issued, from time to time, by Charles Street ABS in order to enable it to finance the purchase of loans pursuant to Charles Street ABS Mortgage Sale Agreement as described below and to meet its obligations under the Charles Street ABS Variable Funding Note Issuance Facility as described above. As of June 30, 2016, £233.4 million in subordinated subscription notes, which includes a cash co-mingling reserve of £11.4 million, was outstanding under the Amended and Restated Subordinated Note Subscription Agreement.

The subordinated subscription notes bear interest at a rate not exceeding a commercial rate of return, and interest on the subordinated subscription notes is payable monthly. If on a monthly interest payment date, Charles Street ABS has insufficient funds to fully pay the interest due on any subordinated subscription note, then the unpaid residual amount is carried forward as interest to be paid on the next interest payment date. The subordinated subscription notes may be repaid on any monthly interest payment date, so long as such payments are in compliance with the payment priorities set out in the Charles Street ABS Cash Administration Agreement, as described below. As the CABS Subordinated Noteholders and Charles Street ABS are consolidated within our financials, subordinated subscription note purchases, sales and repurchases are intragroup transactions, represent a net value of £nil and are not discernible at the consolidated level.

Under the Amended and Restated Subordinated Note Subscription Agreement, the rights of parties to pursue legal action against Charles Street ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS, entirely waived.

Amended and Restated Charles Street ABS Mortgage Sale Agreement

The Amended and Restated Mortgage Sale Agreement (the "**Charles Street ABS Mortgage Sale Agreement**") is an agreement entered into among, among others, the Originators and Charles Street ABS. Under the terms of the Charles Street ABS Mortgage Sale Agreement, the Originators have agreed to sell on a non-recourse basis and Charles Street ABS has agreed to purchase on a continuous basis all right, title and the full interest in certain loans originated by the Originators. The sale price for any such loan must be equal to its principal balance. As of June 30, 2016, principal balance of mortgage loans owned by Charles Street ABS totaled £952.2 million.

Under the Charles Street ABS Mortgage Sale Agreement, Charles Street ABS is obligated to purchase loans from the Originators for amounts equal to the principal balance of the loans purchased, which are paid to the Originators at the time of the sale. Amounts received from the loans, which the Originators agree to service by way of a servicing deed, are deposited initially into the collection accounts of the Originators and transferred daily to an account in the name of Charles Street ABS. On a monthly basis Charles Street ABS, pursuant to the priority of payments provided in the Charles Street ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration.

Each loan purchased by Charles Street ABS from the Originators must meet certain eligibility criteria, including, among others, in respect of the security of the loan, the enforceability of the loan agreement against the borrower, priority, the underwriting process for the loan, regulatory compliance, insurance and governing law. Such criteria includes the following: (i) that the loans sold to Charles Street ABS cannot be development loans or defaulted loans; (ii) the maximum origination LTV for loans sold to Charles Street is 95% for loans sold prior to November 2009, 90% for loans sold between November 2009 and August 2012 and 85% for loans sold thereafter; (iii) the average principal balance of loans sold to Charles Street ABS is not to exceed £75,000; (iv) each loan is secured by a valid charge over the relevant property and suffers from no encumbrances or is protected by title insurance; (v) at least 95% of the loans must accrue interest at a minimum rate of LIBOR plus 500 basis points; (vi) the loans must have a maximum term of 30 years; and (vii) among other requirements up to 5% of the loans may be comprised of repayment loans with an amended maturity profile and/or interest rate which had previously been interest only and are otherwise eligible loans, all other loans may not be rescheduled, materially amended or subject to moratorium. Additionally, there are criteria with respect to loan borrowers of loans sold to Charles Street ABS, including that no borrower may owe in aggregate more than the lower of £4.0 million or 2% of the loans held by Charles Street ABS and all borrowers owing a principal balance of more than £1.75 million may not in aggregate represent more than 7.5% of the loans held by Charles Street ABS. Each loan transferred on or after October 2014 must have been originated on or after January 1, 2010, except where such loan is a previously defaulted loan. Of loans underwritten since establishing the CABS Securitization in 2007, approximately 90% were eligible at origination for purchase under the Charles Street ABS Mortgage Sale Agreement. In the event that a loan ceases to be eligible for the CABS Securitization, then the relevant Originator may substitute the ineligible loan for an eligible loan, repurchase the ineligible loan or subscribe to an issuance of subordinated subscription notes issued by Charles Street ABS in order to fund the ineligible loan pursuant to the Amended and Restated Subordinated Note Subscription Agreement. In the year ended June 30, 2016, £32.1 million in loans, equal to 3.4% of the principal balance of mortgage loans owned by Charles Street ABS as of June 30, 2016, were transferred back to the Originators. The weighted averaged indexed LTV of the loans transferred back to the Originators in the year ended June 30, 2016 was 50.6%. Since January 1, 2013, the average annual losses on loans transferred back to the Originators have amounted to less than £0.1 million.

The table below provides information on the loans transferred back to the Borrower Group as of June 30, 2016 for the years ended June 30, 2014, 2015 and 2016, pursuant to UK GAAP and IFRS; as indicated below.

	For the years ended June 30,		
	2014	**2015**	**2016**
Principal Balance	20.5	17.9	32.1
Percentage of loans held by Charles Street ABS at period end	3.9%	2.2%	3.4
Weighted average indexed LTV(1)	48.2	49.5%	50.6%
Current status			
Redeemed by borrower	10.7	9.2	5.7
Performing loans	4.5	4.7	8.8
Non-performing arrears loans	1.9	2.1	11.0
Repossession and LPA Sales	3.4	1.9	6.6
Provisions	0.9	0.4	0.6

(1) Represents the weighted average indexed LTV of loans transferred back to the Borrower Group in the relevant period that had not been redeemed as of June 30, 2016.

In addition, subject to certain conditions, we can repurchase mortgage loans up to an aggregate of £70,000,000 with the proceeds of an offering.

Charles Street ABS may sell all or a part of its loan assets if, among other requirements, where the repurchased loans are intended to be transferred to a third party pursuant to a similar securitization arrangement, the criteria for selecting loans to be transferred to any third party purchaser are no more favorable than those employed by each Originator (or our group, generally) under the Charles Street ABS Mortgage Sale Agreement, and Charles Street ABS obtains consent from all of the CABS Note Purchasers, the Originators and the security trustee. Charles Street ABS may not sell loans acquired from an Originator without first offering the relevant Originator the opportunity to repurchase the loans on the same terms offered by a third party.

Events of default and sale demand events under the Mortgage Sale Agreement are the events of default and sale demand events provided in the Charles Street ABS Variable Funding Note Issuance Facility, which are described above.

Under the Charles Street ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Charles Street ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS, entirely waived.

Amended and Restated Cash Administration Agreement

The Amended and Restated Cash Administration Agreement (the "**Charles Street ABS Cash Administration Agreement**") is an agreement entered into among, among others, the CABS Note Purchasers, the Company as the cash administrator (the "**CABS Cash Administrator and Registrar**") and the Originators. Pursuant to the terms of the Charles Street ABS Cash Administration Agreement, amounts collected from the Originators from servicing the loans owned by Charles Street ABS are allocated to the parties to the Charles Street ABS Cash Administration Agreement by the Cash Administrator. Charles Street ABS maintains a cash reserve at Lloyds Bank plc (the "**Co-mingling Reserve Account Bank**") in accordance with the terms of the Charles Street ABS Cash Administration Agreement.

Pursuant to the Charles Street ABS Cash Administration Agreement, the CABS Cash Administrator makes determinations on a monthly basis (taking into account the three most recent months for which the actual information is not yet available) of the amounts received in connection with the CABS Securitization as well as compliance by relevant parties to certain of the covenants, financial ratios and other requirements of the CABS Securitization. The CABS Cash Administrator, per its determinations, allocates funds to the parties to the CABS Securitization and others according to certain categorizations and certain pre-enforcement payment priorities. Generally, fees, amounts and other funds that are due under the documents of the CABS Securitization are allocated in the following order of priority: the security trustee and Charles Street ABS, the CABS Note Purchasers, the CABS Cash Administrator, the Subordinated Noteholders and the Originators. The CABS Cash Administrator further agrees that any amount payable by Charles Street ABS or any CABS Note Purchasers to the CABS Cash Administrator is only payable to the extent that on the date such amount is due, Charles Street

ABS or the relevant CABS Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Charles Street ABS Cash Administration Agreement and the post-enforcement payment priorities set out in the third deed of charge, sufficient funds to pay such amount out of amounts paid to Charles Street ABS or the relevant CABS Note Purchasers in connection with the CABS Securitization. In certain circumstances, including, among others, in the event of a shortfall of revenue receipts on an interest payment date pursuant to the Charles Street ABS Variable Funding Note Issuance Facility Agreement, the amounts standing to the credit of the co-mingling reserve shall be released and allocated by the Cash Administrator and Registrar in accordance with the order of priority described above.

Events of default and sale demand events under the Charles Street ABS Cash Administration Agreement are those provided in the Charles Street ABS Variable Funding Note Issuance Facility.

Under the Charles Street ABS Cash Administration Agreement, the rights of parties to pursue legal action against Charles Street ABS or any CABS Note Purchasers, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Charles Street ABS Cash Administration Agreement, entirely waived.

Amended and Restated Standby Servicing Agreement

The Amended and Restated Standby Servicing Agreement (the "**Amended and Restated Standby Servicing Agreement**") is an agreement entered into among, among others, the Company, the Issuer and the Company's subsidiaries (together, the "**Original Servicers**"), The Royal Bank of Scotland plc as security trustee for the CABS Securitization and the standby cash administrator and Capita Mortgage Services Limited (the "**Standby Servicer**").

Pursuant to the Amended and Restated Standby Servicing Agreement, upon notification of an event of default under any Conduit Securitizations documents, the Standby Servicer will ensure that it is able to assume a full servicing and managing role on 60 days' notice subject to payment in accordance with its then current rates and subject to negotiation if such payment exceeds a prescribed cap. In consideration for entering into the Amended and Restated Standby Servicing Agreement, the Company agreed, among other things, to pay the Standby Servicer an annual fee, part of which is subject to annual review and inflation adjustment.

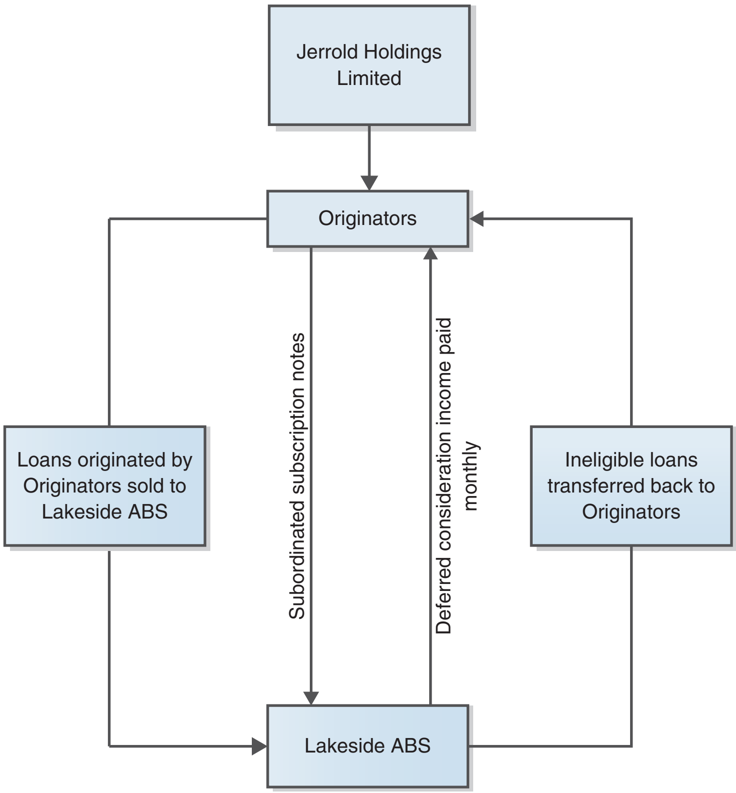
Upon the occurrence of certain events, including a deterioration of certain ratios pursuant to the Charles Street ABS Variable Funding Note Issuance Facility Agreement, the Standby Servicer will provide administration and management services in respect of eligible mortgages on the terms specified therein. In consideration for providing such services, the Standby Servicer will be paid an administration fee to be agreed prior to commencement of such services.

Prior to assumption of a full servicing role, the Amended and Restated Standby Servicing Agreement may be terminated by the Standby Servicer on 30 days' notice in certain limited scenarios, including for non-payment and if its liabilities have been increased without an increase in its fees and provided that any right of termination is conditional upon the appointment of a replacement standby servicer. After the assumption of a full servicing role, the Amended and Restated Standby Servicing Agreement may only be terminated by the Standby Servicer if, among other things, the Notes security agent consents to such termination and a substitute servicer is appointed on terms substantially the same as those contained in the Amended and Restated Standby Servicing Agreement.

The LABS Securitization

Pursuant to the LABS Securitization, we sell on a random basis certain of our eligible mortgage loans to Lakeside ABS, the bankruptcy-remote special purpose vehicle established for purposes of the LABS Securitization, pursuant to the Lakeside ABS Mortgage Sale Agreement. Loan Originators are subsidiaries of the Company within the Borrower Group. Originators sell all right, title and full interest on certain loans on a continuous basis. Lakeside ABS finance these purchases from borrowings funded through the issuance of notes to certain lenders, under the Lakeside ABS Variable Funding Note Issuance Facility, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Lakeside ABS to an Originator within the Borrower Group through the Lakeside ABS Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Lakeside ABS pursuant to the Lakeside ABS Servicing Deed. The amounts received from the servicing and redemption by borrowers of the loans that Lakeside ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Lakeside ABS. On a monthly basis, Lakeside ABS, pursuant to the priority of payments provided in the Lakeside ABS Cash Administration Agreement, pays interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration (approximately £2.2 million per month, or approximately £23.8 million paid in the period from August 13, 2015 to June 30, 2016 for Lakeside ABS). The current delinquency rate is approximately 1.3%. In the period from August 13, 2015 to June 30, 2016, approximately £7.5 million of loans were returned to the Originators (as ineligible non-performing loans) with a weighted average indexed LTV of 51.3%. Of the loans returned from the securitization, the average annual capital losses were £nil million in the period from August 13, 2015 to June 30, 2016.

Please see the diagram below for a simplified overview of the LABS Securitization.



Mortgage loans sold to Lakeside ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us, and the notes that Lakeside ABS issue to its lenders are also maintained on our consolidated balance sheet as liabilities due to creditors. Lakeside ABS is consolidated into our consolidated financial statements. The LABS Securitization under Lakeside ABS expires on August 8, 2018. The various agreements comprising the LABS Securitization are governed by English law.

Lakeside ABS Amended and Restated Variable Funding Note Issuance Facility Agreement

The Amended and Restated Variable Funding Note Issuance Facility Agreement (the "**Lakeside ABS Variable Funding Note Issuance Facility**") is an agreement entered into on August 13, 2015 and as amended from time to time, most recently on June 3, 2016, among, among others, certain of our subsidiaries (each an "**Originator**" and, together, the "**Lakeside ABS Originators**"), the Company, Lakeside ABS and Natixis, London Branch, Regency Assets Limited (an affiliate of HSBC Bank plc) and Gresham Receivables No 3 Limited (an affiliate of Lloyds Bank plc) (the "**Lakeside ABS Note Purchasers**"). Subject to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, which expires on August 8, 2018, the Lakeside ABS Note Purchasers have agreed to make available to Lakeside ABS a revolving interest bearing variable funding note purchase facility to finance the acquisition by Lakeside ABS of certain of our mortgage loans. The notes issued under the Lakeside ABS Variable Funding Note Issuance Facility mature on August 8, 2018. Total commitments under the Lakeside ABS Variable Funding Note Issuance Facility are £255.0 million. As of June 30, 2016, £200.0 million notes were issued and outstanding under the Lakeside ABS Variable Funding Note Issuance Facility.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS may request that the Lakeside ABS Note Purchasers make an additional subscription, provided that the maximum aggregate amount that may be requested shall not exceed the maximum net investment minus the aggregate nominal amount of the notes already issued. The maximum net investment is defined as the lower of the borrowing base and the total commitments. The facility is unrated. In the event the notes do not meet certain covenants or other financial metrics of the portfolio are not complied with for a three-month period, subject to certain cure periods, further notes may not be drawn (a "**cease purchase event**"). Subject to certain conditions, the total commitments may be increased by a further £50.0 million.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS intends to issue notes to the Lakeside ABS Note Purchasers and the Lakeside ABS Note Purchasers agree to subscribe to such notes, provided that, upon such subscription, the aggregate nominal amounts of the notes outstanding does not exceed the lesser of a borrowing base and their total commitments. Each purchase of notes is subject to the condition precedent that Lakeside ABS has issued an amount of subordinated subscription notes pursuant to the Lakeside ABS Subordinated Note Subscription Agreement equal to or greater than a required subordinated subscription note level. The interest payable on each note consists of LIBOR and the applicable margin. Notes can be redeemed at their face amounts upon maturity. Prior to maturity, the notes may be voluntarily prepaid, in whole or *pro rata,* subject to certain conditions.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS may only use the proceeds from its issuances of notes for the purchase of loans from the Lakeside ABS Originators pursuant to the Lakeside ABS Mortgage Sale Agreement and other purposes in connection with the LABS Securitization. The loans that Lakeside ABS purchases from the Lakeside ABS Originators must comply with certain covenants that govern the mix and quality of the assets within the LABS Securitization, including, among others, in respect of the ratio of loans secured by residential property to those secured by commercial property, the origination LTV of each individual loan, the aggregate principal balance and the weighted average LTV of certain kinds of loans, the aggregate weighted average LTV, geographical distribution, principal balances, interest rates and lengths of delinquency. Failure to comply with certain of the above covenants over a determined period of time could result in a sale demand event.

The Lakeside ABS Variable Funding Note Issuance Facility contains standard representations and warranties, covenants, indemnities and other provisions that are customary for facilities of this nature. Among others, events of default include failure on the part of the Company to maintain a tangible net worth threshold, failure to substitute loans and failure to appoint a standby cash administration under the circumstances described in the Lakeside ABS Cash Administration Agreement below.

Under the Lakeside ABS Variable Funding Note Issuance Facility, the rights of parties to pursue legal action against Lakeside ABS or the Lakeside ABS Note Purchasers, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS or any Lakeside ABS Note Purchaser, entirely waived. The notes are listed on the Channel Islands Securities Exchange.

Lakeside ABS Subordinated Note Subscription Agreement

The Lakeside ABS Subordinated Note Subscription Agreement is an agreement entered into among, among others, Lakeside ABS and the Lakeside ABS Originators as subordinated noteholders (the "**Lakeside ABS Subordinated Noteholders**"). Under the terms of the Lakeside ABS Subordinated Note Subscription Agreement, the Lakeside ABS Subordinated Noteholders have agreed to subscribe to subordinated subscription notes issued, from time to time, by Lakeside ABS in order to enable it to finance the purchase of loans pursuant to Lakeside ABS Mortgage Sale Agreement as described below and to meet its obligations under the Lakeside ABS Variable Funding Note Issuance Facility as described above. As of June 30, 2016, £68.3 million in subordinated subscription notes, which includes a cash co-mingling reserve of £2.4 million, was outstanding under the Lakeside ABS Subordinated Note Subscription Agreement.

The Lakeside ABS subordinated subscription notes bear interest at a rate not exceeding a commercial rate of return, and interest on the subordinated subscription notes is payable monthly. If on a monthly interest payment date, Lakeside ABS has insufficient funds to fully pay the interest due on any Lakeside ABS subordinated subscription note, then the unpaid residual amount is carried forward as interest to be paid on the next interest payment date. The Lakeside ABS subordinated subscription notes may be repaid on any monthly interest payment date, so long as such payments are in compliance with the payment priorities set out in the Lakeside

ABS Cash Administration Agreement; as described below. As the Lakeside ABS Subordinated Noteholders and Lakeside ABS are consolidated within our financials, subordinated subscription note purchases, sales and repurchases are intragroup transactions, represent a net value of £nil and are not discernible at the consolidated level.

Under the Lakeside ABS Subordinated Note Subscription Agreement, the rights of parties to pursue legal action against Lakeside ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS, entirely waived.

Lakeside ABS Mortgage Sale Agreement

The Lakeside ABS Mortgage Sale Agreement (the "**Lakeside ABS Mortgage Sale Agreement**") is an agreement entered into among, among others, the Lakeside ABS Originators and Lakeside ABS. Under the terms of the Lakeside ABS Mortgage Sale Agreement, the Lakeside ABS Originators have agreed to sell on a non-recourse basis and Lakeside ABS has agreed to purchase on a continuous basis all right, title and the full interest in certain loans originated by the Lakeside ABS Originators. As of June 30, 2016, the principal balance of mortgage loans owned by Lakeside ABS totaled £242.1 million.

Under the Lakeside ABS Mortgage Sale Agreement, Lakeside ABS is obligated to purchase loans from the Lakeside ABS Originators for amounts equal to the principal balance of the loans purchased, which are paid to the Lakeside ABS Originators at the time of the sale. Amounts received from the loans, which the Lakeside ABS Originators agree to service by way of the Lakeside ABS Servicing Deed, as described below, are deposited initially into the collection accounts of the Lakeside ABS Originators and transferred within two business days to an account in the name of Lakeside ABS. On a monthly basis Lakeside ABS, pursuant to the priority of payments provided in the Lakeside ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the Lakeside ABS Originators as deferred consideration.

Each loan purchased by Lakeside ABS from the Lakeside ABS Originators must meet certain eligibility criteria, including, among others, in respect of the security of the loan, the enforceability of the loan agreement against the borrower, priority, the underwriting process for the loan, regulatory compliance, insurance and governing law. Such criteria includes the following: (i) that the loans sold to Lakeside ABS cannot be development loans or defaulted loans; (ii) the maximum origination LTV for loans sold to Lakeside ABS is between 65% to 75%, depending on the type of the loan and the security; (iii) the maximum principal balance of individual loans sold to Lakeside ABS shall not to exceed £3,500,000; (iv) each loan is secured by a valid charge over the relevant property and suffers from no encumbrances or is protected by title insurance; (v) the loans must have a maximum term of up to 25 years, depending on the type of security; (vi) mortgages secured on commercial properties may only be first lien loans; (vii) each mortgage loan was originated on or after January 1, 2012; (viii) each mortgage loan with a principal balance in excess of £2,000,000 may not exceed an LTV of 65%; and (ix) repayment loans with an amended maturity profile and/or interest rate which had previously been interest only and are otherwise eligible loans may comprise up to 5% of the funded mortgage pool and all other loans may not be rescheduled, materially amended or subject to moratorium. Additionally, there are criteria with respect to loan borrowers of loans sold to Lakeside ABS, such as citizenship, residency or incorporation as well as absence of any bankruptcy or insolvency proceedings, as applicable. Of loans underwritten since establishing the LABS Securitization in August 2015, approximately 30% were eligible at origination for purchase under the Lakeside ABS Mortgage Sale Agreement. In the event that a loan ceases to be eligible for the LABS Securitization, then the relevant Lakeside ABS Originator may substitute the ineligible loan for an eligible loan, repurchase the ineligible loan or subscribe to an issuance of subordinated subscription notes issued by Lakeside ABS in order to fund the ineligible loan pursuant to the Lakeside ABS Subordinated Note Subscription Agreement. In the period from August 13, 2015 to June 30, 2016, £7.5 million in loans, equal to 3.1% of the principal balance of mortgage loans owned by Lakeside ABS as of June 30, 2016, were transferred back to the Lakeside ABS Originators. The weighted averaged indexed LTV of the loans transferred back to the Lakeside ABS Originators in the year ended June 30, 2016 was 51.3%. In the period from August 13, 2015 to June 30, 2016, the average monthly losses on loans transferred back to the Lakeside ABS Originators have amounted to £nil million.

The table below provides information on the loans transferred back to the Borrower Group in the period from August 13, 2015 to June 30, 2016.

	Period from August 13, 2015 to June 30, 2016
	(IFRS)
Amount	£7.5 million
Percentage of loans held by Lakeside ABS at period end	3.1%
Weighted average indexed LTV(1)	51.3%
Current status	
Redeemed by borrower	0.9
Performing loans	4.3
Non-performing arrears loans	1.4
Repossession and LPA Sales	0.9
Impairments	0.2

(1) Represents the weighted average indexed LTV of loans transferred back to the Borrower Group in the relevant period that had not been redeemed as of June 30, 2016.

Lakeside ABS may sell all or a part of its loan assets if, among other requirements, the loans sold to a third party are of a quality no more favorable than those sold pursuant to the Lakeside ABS Mortgage Sale Agreement and Lakeside ABS obtains consent from all of the Lakeside ABS Note Purchasers, the Lakeside ABS Originators and the security trustee. Lakeside ABS may not sell loans acquired from a Lakeside ABS Originator without first offering the relevant Lakeside ABS Originator the opportunity to repurchase the loans on the same terms offered by a third party.

Events of default and sale demand events under the Lakeside ABS Mortgage Sale Agreement are the events of default and sale demand events provided in the Lakeside ABS Variable Funding Note Issuance Facility, which are described above.

Under the Lakeside ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Lakeside ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS, entirely waived.

Lakeside ABS Cash Administration Agreement

The Lakeside ABS Cash Administration Agreement (the "**Lakeside ABS Cash Administration Agreement**") is an agreement entered into among, among others, the Lakeside ABS Note Purchasers, the Company as the cash administrator (the "**Lakeside ABS Cash Administrator**") and the Lakeside ABS Originators. Pursuant to the terms of the Lakeside ABS Cash Administration Agreement, amounts collected from the Lakeside ABS Originators from servicing the loans owned by Lakeside ABS are allocated to the parties to the Lakeside ABS Cash Administration Agreement by the Cash Administrator. Lakeside ABS maintains a cash reserve at National Westminster Bank plc in accordance with the terms of the Lakeside ABS Cash Administration Agreement.

Pursuant to the Lakeside ABS Cash Administration Agreement, the Company as agent of the Lakeside ABS Originators makes determinations on a monthly basis of the amounts received in connection with the LABS Securitization as well as the calculations necessary to determine compliance with the covenants of the LABS Securitization. The Lakeside ABS Cash Administrator, per its determinations, allocates funds to the parties to the LABS Securitization and others according to certain categorizations and certain pre-enforcement payment priorities. Generally, fees, amounts and other funds that are due under the documents of the LABS Securitization are allocated in the following order of priority: the security trustee, Lakeside ABS, the Lakeside ABS Note Purchasers, the Lakeside ABS Cash Administrator, the Subordinated Noteholders and the Lakeside ABS Originators. The Lakeside ABS Cash Administrator further agrees that any amount payable by Lakeside ABS or any Lakeside ABS Note Purchasers to the Cash Administrator is only payable to the extent that on the date such amount is due, Lakeside ABS or the relevant Lakeside ABS Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Lakeside ABS Cash Administration Agreement and the post-enforcement payment priorities set out in the deed of charge, sufficient funds to pay such amount out of amounts paid to Lakeside ABS or the relevant Lakeside ABS Note Purchasers in connection with the LABS Securitization. In certain circumstances, including, among others, in the event of a shortfall of revenue receipts on an interest payment date pursuant to the Lakeside ABS Variable Funding Note Issuance Facility Agreement, the amounts standing to the credit of the reserve account shall be released and allocated by the Lakeside ABS Cash Administrator and Registrar in accordance with the order of priority described above.

Events of default and sale demand events under the Lakeside ABS Cash Administration Agreement are those provided in the Lakeside ABS Variable Funding Note Issuance Facility.

Under the Lakeside ABS Cash Administration Agreement, the rights of parties to pursue legal action against Lakeside ABS or any Lakeside ABS Note Purchasers, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Lakeside ABS Cash Administration Agreement, entirely waived.

Lakeside ABS Servicing Deed

The Lakeside ABS Servicing Deed (the "**Lakeside ABS Servicing Deed"**) is an agreement entered into among, among others, the Company, the Lakeside ABS Originators (the "**Servicers**") and Lakeside ABS.

Pursuant to the Lakeside ABS Servicing Deed, the Servicers agree to provide administration and management services to Lakeside ABS in relation to the loans related to the LABS Securitization and the respective security. Each Servicer has the full power, authority and right to carry out any actions related to the administration of the loans. The Servicers must comply with the Company's arrears and collection policy.

Performances under the Lakeside ABS Servicing Deeds may be sub-contracted by the Servicers, subject to certain conditions. The Servicers must indemnify Lakeside ABS for losses, liabilities, claims, expenses or damages in respect of the negligence or willful default of each Servicer.

The Servicers' appointment may be terminated in certain limited scenarios. In the event, a Servicer is terminated pursuant to the terms of the Lakeside ABS Servicing Deed, Lakeside ABS shall appoint a replacement servicer within 60 days after the notice of termination. In addition, upon the occurrence of a Warm-Up Event (as defined herein), Lakeside ABS and the relevant Servicer(s) must use reasonable endeavors to identify and appoint a standby servicer as soon as possible and in no event later than 60 days after the occurrence of such Warm-Up Event. The standby servicer must satisfy certain professional requirements as set forth in the Lakeside ABS Servicing Deed.

For the purposes of the Lakeside ABS Servicing Deed, a Warm-Up Event means the occurrence of any of the following events: (i) the long-term rating of the Company falls below B+ (either Fitch or Standard and Poor's); (ii) the tangible net worth of the Company is less £350,000,000; (iii) a potential cease purchase event or a cease purchase event, unless waived by the facility agent or (iv) a potential event of default or event of default occurs.

Under the Lakeside ABS Servicing Deed, the rights of the parties to pursue legal action against Lakeside ABS, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Lakeside ABS Servicing Deed, entirely waived.

Subordinated Shareholder Funding

On or about the Issue Date, the Issuer will issue the Issuer Roll-Up Notes in an aggregate principal amount of £100.0 million and the Topco Shareholder Loan Notes Novation Intercompany Loan in an aggregate principal amount of £43.0 million. The Issuer Roll-Up Notes mature on the date that is 5.5 years subsequent to the Issue Date and the Topco Shareholder Loan Notes Novation Intercompany Loan matures in 2036. The Issuer will incur such indebtedness as consideration for Topco assuming the Issuer's obligations under the Vendor Notes and the Novated Shareholder Loan Notes, respectively.

Each of the Issuer Roll-Up Notes and the Topco Shareholder Loan Notes Novation Intercompany Loan:

- are interest free and do not require any payments prior to their maturity date;
- do not include any covenants, events of default or cross-defaults;
- are unsecured;
- are subordinated in right of payment to the prior payment in full in cash of the Notes pursuant to the Subordination Deed;
- may not be assigned or transferred to any other party without the other party's written consent; and
- will constitute "Deeply Subordinated Shareholder Indebtedness" as defined in the Description of Notes.

Subordination Deed

In order to establish the relative priority between the holders of the Notes and Topco, as the lender under the Subordinated Shareholder Funding (the "**Subordinated Lender**"), the Subordinated Lender, the Issuer, the Security Agent and the Trustee will enter into a subordination deed to be dated on or about the Issue Date (the "**Subordination Deed**"). Pursuant to the Subordination Deed the Subordinated Lender will agree that:

- Until the date on which the Trustee is satisfied that all liabilities under the Notes or the Indenture (the "**Liabilities**") have been irrevocably paid and discharged and all such obligations have been cancelled (the "**PIK Notes Discharge Date**") the Liabilities shall rank in right and priority of payment ahead of all present and future sums, liabilities and obligations payable or owing by the Issuer to the Subordinated Lender under, pursuant to or in connection with the Subordinated Shareholder Funding (the "**Subordinated Liabilities**") and the Subordinated Liabilities shall be irrevocably subordinated to all Liabilities and, except with respect to payments permitted by the Subordination Deed, subordinated in right of payment to the extent and in the manner forth therein. The subordination effected under the Subordination Deed shall also apply upon and after the occurrence of any Insolvency Event (as defined in the Subordination Deed) in relation to the Issuer. The subordination shall continue to be effective upon any amendment, restatement, supplement, extension, variation or novation of the Indenture, the Notes, any security document or the Subordination Deed (the "**Senior Documents**") (including any increase or extension in the aggregate principal amount of, or commitments under, any Senior Document) or any Liabilities owed by the Issuer.
- Until the PIK Notes Discharge Date and except as expressly provided in the Subordination Deed, (a) the Issuer will not make any prepayment, payment, repayment, repurchase, redemption, defeasance or discharge (whether in cash, by way of transfer of assets or otherwise) (a "**Payment**") on account of, or grant or permit to subsist any security interest in respect of, the Subordinated Liabilities, (b) nor shall the Subordinated Lender demand or receive a Payment in respect of the Subordinated Liabilities or commence any proceedings against the Issuer or take any action in respect of the Subordinated Liabilities or any part thereof (including, without limitation, the acceleration, termination or cancellation of the Subordinated Liabilities or the exercise of any right of set-off, counterclaim or lien or any action or step with a view to causing any Insolvency Event in respect of the Issuer).
- In the event of:
  - any Payment in respect of the Subordinated Liabilities being made to the Subordinated Lender, or any other action resulting in the receipt of funds by the Subordinated Lender with respect to Subordinated Liabilities; or
  - a security interest being held by the Subordinated Lender,

  in each case in breach of any provision of the Subordination Deed, the Subordinated Lender will forthwith pay to the Trustee for the benefit of the Trustee, holders of the Notes, the Security Agent or any of their successors (the "**Finance Parties**"), any sum or other assets which shall have been received by it in consequence of such breach (which sum or other assets shall be deemed not to have reduced the liability of the Issuer to the Subordinated Lender) and until such Payment or transfer the Subordinated Lender will hold such sums or other assets or such security interest (as the case may be) on trust for the Finance Parties; *provided*, *however*, that these provisions shall not constitute or create or be deemed to constitute or create any encumbrance or other security interest of any kind.
- Neither the Subordinated Lender nor the Issuer shall knowingly take or omit to take any action whereby the subordination of the Subordinated Liabilities or any rights of the Finance Parties under the Subordination Deed would or could reasonably be expected to be terminated, impaired or adversely affected in any manner whatsoever.
- Upon an Insolvency Event occurring with respect to the Issuer:
  - the claims of the Subordinated Lender in respect of the Subordinated Liabilities shall be postponed in all respects to the Liabilities;
  - the Subordinated Lender may, unless otherwise directed by the Trustee (acting in accordance with the Indenture) or the requisite holders of the PIK Notes (as provided for in the Indenture):
    - take any Enforcement Action (as defined in the Subordination Deed) against the Company;
    - demand, sue and prove for the Subordinated Liabilities; or
    - file claims, take proceedings or take any other action to recover the Subordinated Liabilities.

- the Subordinated Lender and the Issuer will not amend, supplement, release, cancel or waive any term of the Subordinated Shareholder Funding documents except as otherwise expressly permitted or not prohibited by the Indenture.

The Subordination Deed will be governed by English law.

Description of Notes

Bracken Midco1 plc (the "*Issuer*") will issue £220.0 million aggregate principal amount of %/ % Senior PIK Toggle Notes due 2021 (the "*Notes*") under an indenture, to be dated as of , 2016 (the "*Indenture*"), between, among others, the Issuer and Deutsche Trustee Company Limited, as trustee (the "*Trustee*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). Unless the context requires otherwise, references in this "Description of Notes" to the Notes include the Notes and any Additional Notes (as defined below) that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture is not required to be nor will it be qualified under, the U.S. Trust Indenture Act of 1939, as amended ("*TIA*"), including Section 316(b) thereof and it will not be subject to nor will it incorporate by reference the provisions of the TIA.

The proceeds of the offering of the Notes sold on the Issue Date will be used, together with the proceeds from certain deferred loan notes, to (1) finance, in part, the purchase of the capital stock of the Company held by the Funds, (2) on-lend to the Company to allow the Company to repay certain shareholder funding, (3) make payments related to management incentive plan and staff incentive plan and (4) pay certain expenses in connection with the Transactions, including the offering of the Notes, as set forth in this Offering Memorandum under the caption "Use of Proceeds."

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents, the Subordination Agreement and the Standstill Agreement. This does not restate those agreements in their entirety. You should read the Indenture, the Notes, the Security Documents, the Subordination Agreement and the Standstill Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents, the Subordination Agreement and the Standstill Agreement are available as set forth below under "—Additional Information."

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this description, the term "Issuer" refers only to Bracken Midco1 plc and not to any of its Subsidiaries and the term "Company" refers only to Jerrold Holdings Limited and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Generally, only registered holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes:

- will be general senior obligations of the Issuer;
- will be secured as set forth under "—Security";
- will rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes;
- will rank senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes, including the Subordinated Topco Debt;
- will be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes; and
- will be structurally subordinated to all obligations of the Issuer's Subsidiaries, including the Senior Secured Notes, borrowings under the Revolving Credit Facility, hedging and overdraft obligations and all existing and future Qualified Securitization Financings.

The Issuer is a newly formed holding company incorporated for the purpose of issuing the Notes, with no material operations of its own and only limited assets other than its shares in Bracken Midco2 Limited (*"Midco2"*) and receivables under intercompany loans. The operations of the Issuer will be conducted through its Subsidiaries. The Issuer will depend on the receipt of funds from its Subsidiaries (whether in the form of dividends or other distributions) to meet its obligations, including its obligations under the Notes.

Any right of the Issuer to receive assets of any of the Issuer's Subsidiaries upon that Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors.

As of June 30, 2016, on a *pro forma* basis after giving effect to the Transactions, the only indebtedness of the Issuer outstanding would have been the Notes and parent shareholder indebtedness that is subordinated to the Notes. As of June 30, 2016, on a *pro forma* basis after giving effect to the Refinancing and the Transactions, the Company and its Subsidiaries would have had total borrowings of £1,335.0 million and had £29.0 million in committed but undrawn borrowings under the Revolving Credit Facility, as well as £68.1 million outstanding of intercompany loans from Midco2. See "*Risk Factors—Risks Relating to the Notes—Despite our high level of indebtedness, we and our subsidiaries may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial Indebtedness.*"

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries." The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Principal and Maturity

On the Issue Date, the Issuer will issue £220.0 million in aggregate principal amount of Notes. The Issuer may issue additional notes ("*Additional Notes*") under the Indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock." The Issuer will issue Notes in denominations of £100,000 and integral multiples of £1 in excess thereof. The Notes will mature on , 2021. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture; *provided* that unless such Additional Notes are issued with a separate ISIN, such Additional Notes shall be fungible with the relevant series of Notes offered hereby for U.S. federal income tax purposes. Unless the context otherwise requires, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" includes references to any Additional Notes that are issued.

Interest

Interest on the Notes will accrue at the rate of % per annum with respect to Cash Interest (as defined below) and % per annum with respect to any PIK Interest (as defined below) that the Issuer may, in certain circumstances, at its option, elect to pay. Interest on the Notes will be payable semi-annually from the Issue Date or the most recent interest payment date to which interest has been paid or provided for, whichever is later. Interest will be payable in arrears on each Note on and of each year, commencing on , 2016 (each, an "*Interest Payment Date*"). The Issuer will make each interest payment to the holders of record on the immediately preceding and , as the case may be. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the Cash Interest rate. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

In connection with the payment of PIK Interest on, and any Additional Amounts with respect to, the Notes, the Issuer is entitled, without the consent of the holders of the Notes, to issue Additional Notes having the same terms and conditions as the Notes ("*PIK Notes*").

Except as provided in the immediately succeeding sentence and the definition of "Cash Available for Debt Service," interest on the Notes shall be payable entirely in cash ("*Cash Interest*"). For any Interest Period (other than the first and the final Interest Period ending at the Stated Maturity), if the Cash Available for Debt Service (as defined below) as determined on the Determination Date (as defined below) for such Interest Period:

(i) is equal to or exceeds 75%, but is less than 100%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant Interest Payment Date, then the Issuer may, at its option, elect to pay interest on up to 25% of the then outstanding principal amount of the Notes through the issuance of PIK Notes either by increasing the principal amount of the outstanding Notes (or by issuing a new Global Note of an increased principal amount) or by issuing PIK Notes in a principal amount equal to such interest (in each case, "*PIK Interest*");

(ii) is equal to or exceeds 50%, but is less than 75%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant Interest Payment Date, then the Issuer may, at its option, elect to pay interest on up to 50% of the then outstanding principal amount of the Notes as PIK Interest;

(iii) is equal to or exceeds 25%, but is less than 50%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant Interest Payment Date, then the Issuer may, at its option, elect to pay interest on up to 75% of the then outstanding principal amount of the Notes as PIK Interest; or

(iv) is less than 25% of the aggregate amount of Cash Interest that would otherwise be due on the relevant Interest Payment Date, then the Issuer may, at its option, elect to pay interest on up to 100% of the then outstanding principal amount of the Notes as PIK interest;

provided that, if the aggregate average daily balance of cash and Cash Equivalents (net of any amount drawn in cash and outstanding under the Revolving Credit Facility) of the Issuer and its Restricted Subsidiaries during the period starting on the 45th day preceding the relevant Interest Payment Date and ending on the 15th day preceding such Interest Payment Date (the "*Minimum Cash Balance*") is less than £20.0 million (determined on a *pro forma* basis to give effect to the payment of Cash Interest payable under the Notes on the relevant Interest Payment Date), then the Issuer may, at its option, elect to pay PIK Interest on the Notes in such amount so that the Minimum Cash Balance would have been £20.0 million, over the same period and determined on the same basis. In such circumstances, the Issuer shall deliver an Officer's Certificate to the Trustee and the relevant Paying Agent (upon which the Trustee and the Paying Agent may conclusively rely) on or prior to the fifth Business Day preceding the relevant Interest Payment Date, which Officer's Certificate shall set forth in reasonable detail the Issuer's determination of such *pro forma* calculation.

Except as specifically set forth in the immediately preceding paragraph and the definition of "Cash Available for Debt Service," the insufficiency or lack of funds available to the Issuer to pay Cash Interest as required by the preceding paragraph shall not permit the Issuer to pay PIK Interest in respect of any Interest Period and the sole right of the Issuer to elect to pay PIK Interest shall be as (and to the extent) provided in the immediately preceding paragraph.

As used herein:

"*Cash Available for Debt Service*" shall be the amount equal to the sum (without duplication) of:

(i) all cash and Cash Equivalents on hand at the Issuer as of such Determination Date, other than:

(A) any cash and Cash Equivalents on hand at the Issuer that was distributed to the Issuer by a Restricted Subsidiary in reliance on an exception under any agreement to which any of the Restricted Subsidiaries is a party that allowed such distribution, in each case, only to the extent such amounts have been distributed to the Issuer or retained by the Issuer, as the case may be, for a purpose other than paying Cash Interest (including, without limitation, any exception allowing amounts to be distributed to the Issuer solely for the purpose of paying taxes and other corporate and administrative expenses attributable to the Issuer's consolidated Subsidiaries);

(B) any cash held by the Issuer classified as restricted cash under IFRS;

(C) any net proceeds from the Notes issued on the Issue Date, pending the final application of such proceeds in connection with the Transactions; and

(D) any cash and Cash Equivalents on hand to be used for payment of Cash Interest on the next succeeding Interest Payment Date; and

(ii) the maximum amount of all dividends and distributions that, as of such Determination Date, would be permitted to be paid to the Issuer for the purpose of paying Cash Interest by all of its Restricted Subsidiaries, taking into account:

(A) all corporate, shareholder or other comparable actions required in order to effect such payment of dividends or distributions;

(B) corporate law restrictions and other legal and regulatory restrictions, including currency controls, capital controls, sanctions, and other laws restricting the movement or transfer of capital and funds, any restrictions on the making of dividends or other payments from a subsidiary to a shareholder that may reasonably be expected to create civil fines or criminal sanctions on members of the boards or other decision making bodies of such subsidiaries (including corporate benefit laws, thin capital rules and other laws limiting the ability of such boards or governing bodies to transfer cash to their shareholders); and

(C) all contractual restrictions or limitations on the ability to make such dividends or distributions (to the extent such restrictions and limitations are otherwise permitted by the covenant described under "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries") pursuant to the "restricted payments" covenants (which shall be determined by including the consolidated net income "build-up basket," the "general basket," and any "leverage basket" but excluding any other exceptions in such covenants) contained in the Senior Secured Notes Indenture, the Senior Secured Intercreditor Agreement, the Revolving Credit Facility and any other instrument or agreement governing Indebtedness of any Restricted Subsidiary of the Issuer in existence on the Issue Date or any future Indebtedness incurred in accordance with the Indenture or any agreement that amends, modifies, renews, increases, supplements, refunds, replaces or refinances such Indebtedness;

provided that any such encumbrances or restrictions described in (A), (B) or (C) of clause (ii) above as determined by the Issuer, in good faith do not otherwise violate the Indenture, and net of all taxes attributable solely to such dividend or distribution, if any (including income taxes, capital taxes, withholding taxes, customs and duties, or any other tax or government levy that applies to such dividend or distribution), and, in each case, without regard to whether any such Restricted Subsidiary shall have any funds available to make any such dividends or distributions; *provided* that, with respect to each of (i) and (ii), in no event will the Cash Available for Debt Service determined in any Interest Period be required to exceed the amount of Cash Interest payable for such Interest Period.

To the extent the Issuer is required pursuant to the third preceding paragraph and the definition of Cash Available for Debt Service to pay Cash Interest for all or any portion of the interest due on any Interest Payment Date, the Issuer shall and shall cause each of the Restricted Subsidiaries to take all such shareholder, corporate and other actions necessary or appropriate to permit the making of any such dividends or other distribution or other form of return on capital; *provided* that any such shareholder, corporate or other actions would not violate applicable law.

"*Determination Date*" shall mean, with respect to each Interest Period following the first Interest Period, the 15th calendar day immediately prior to the first day of the relevant Interest Period.

"*Interest Period*" shall mean the period commencing on and including an Interest Payment Date and ending on and including the day immediately preceding the next succeeding Interest Payment Date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include (the Interest Payment Date for any Interest Period shall be the Interest Payment Date occurring on the day immediately following the last day of such Interest Period).

The Issuer shall deliver a notice to the Trustee (copied to the Principal Paying Agent) following the Determination Date but not less than five Business Days prior to the commencement of the relevant Interest Period, which notice shall state the total amount of interest to be paid on such interest payment date and the amount of such interest to be paid as PIK Interest. At the expense of the Issuer, the Trustee shall promptly deliver the same notice to the Holders. If interest on the Notes with respect to an Interest Period may, at the Issuer's option, not be paid entirely as Cash Interest as a result of the Cash Available for Debt Service being less than the relevant Cash Interest that would be due on the relevant Interest Payment Date if the interest payment were paid entirely as Cash Interest, the Cash Available for Debt Service shall be calculated by the Issuer and shall be set forth in an Officer's Certificate delivered to the Trustee and the Paying Agent (upon which the Trustee and the Paying Agent may conclusively rely) prior to the first day of the relevant Interest Period in which it is to be applied, which Officer's Certificate shall set forth in reasonable detail (x) the Issuer's reasonable and good faith determination of each component of the Cash Available for Debt Service, and (y) in the case of clause (ii)(C) of the definition of Cash Available for Debt Service identifying in reasonable detail the applicable restriction(s) and the maximum amount of funds that may be paid after giving effect to such restriction. Notwithstanding the foregoing, the delivery of such notices to the Trustee and the Paying Agent shall not restrict the ability of the Issuer to pay, at its option, a greater portion of the interest on the Notes with respect to such Interest Period as Cash Interest. Interest for the first Interest Period commencing on the Issue Date shall be payable entirely as Cash Interest. Interest for the final Interest Period ending at the Stated Maturity shall be payable entirely as Cash Interest.

Notwithstanding anything to the contrary, the payment of accrued interest and Additional Amounts, if any, in connection with any redemption or repurchase of the Notes as described under "—Optional Redemption," "—Redemption for Changes in Taxes," "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Asset Sales," will be made solely in cash. Accrued interest with respect to any such redemption or repurchase of the Notes will be calculated at the average of the interest rates applicable to Cash Interest and PIK Interest weighted by the proportion of the interest to be paid in Cash Interest and PIK Interest as specified in the notice provided by the Issuer to the Trustee and the Holders pursuant to the preceding paragraph.

The Issuer will make all payments, if payable in cash, in same day funds. Payments on the Global Notes will be made to the common depositary as the registered holder of the Global Notes.

Interest, if paid in the form of PIK Notes, on the Global Notes will be payable by the Issuer delivering an order to issue additional PIK Notes by increasing the principal amount of any such Global Note by the relevant amount (rounded up to the nearest whole pound) or, if necessary, by issuing a new Global Note executed by the Issuer and an order to the Trustee (or its authenticating agent) to authenticate such new Global Note under the Indenture. Interest, if paid in the form of PIK Notes, on any definitive Notes in registered form (the "*Definitive Registered Notes*") will be payable by the Issuer delivering to the Trustee and Paying Agent such PIK Notes in the relevant amount (rounded up to the nearest whole pound) as definitive registered Notes and an order to the Trustee (or its authenticating agent) to authenticate and deliver such PIK Notes in certificated form for original issuance to the holders on the relevant record date as shown by the records of the registered holders. If the Issuer pays a portion of the interest on the Notes as Cash Interest and a portion of the interest as PIK Interest, such Cash Interest and PIK Interest shall be paid to Holders *pro rata* in accordance with their interests. Following an increase in the principal amount of the outstanding Global Notes as a result of a payment as PIK Interest, the Notes will bear interest on such increased principal amount from and after the date of such payment. Any PIK Notes issued in registered form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All PIK Notes will mature on , 2021.

The rights of holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear (defined below) and Clearstream (defined below). If the due date for any payment in respect of any Notes is not a Business Day, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Issuer cannot assure you that any of its Subsidiaries will have the ability to pay dividends or otherwise distribute funds to the Issuer in order to allow the Issuer to make Cash Interest payments on the Notes. The ability of the Company and its Restricted Subsidiaries to make dividends or distributions to the Issuer pursuant to the covenants in their debt instruments is subject to important limitations. See "Description of Certain Financing Arrangements" and "Risk factors—Risks Related to Our Indebtedness and the Notes—The Issuer will be a holding company with no business operations or assets."

We estimate that, as of June 30, 2016, we had approximately £86 million "restricted payment" capacity under the Senior Secured Notes Indenture and "permitted distribution" capacity under the Revolving Credit Facility approximately in line with the "restricted payment" capacity under the Senior Secured Notes Indenture. As long as both instruments remain outstanding, the most restrictive "restricted payment" test under such instruments will apply. Our restricted payments capacity is not necessarily an indication of our cash position on such date or any date in the future.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes, including a Paying Agent in London (the "*Principal Paying Agent*"). The initial Principal Paying Agent will be Deutsche Bank AG, London Branch, in London.

The Issuer will also maintain one or more registrars (each, a "*Registrar*"). The initial Registrar will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Issuer will also maintain a transfer agent (the "*Transfer Agent*") in Luxembourg. The initial Transfer Agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act ("*Rule 144A*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Note*"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act ("*Regulation S*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Regulation S Global Note*" and, together with the 144A Global Notes, the "*Global Notes*").

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "Notice to Investors."

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear Bank SA/NV ("*Euroclear*") or Clearstream Banking, *société anonyme* ("*Clearstream*") or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to Investors." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 and integral multiples of £1 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Euroclear and Clearstream have advised that for purposes of clearing the Notes through Euroclear and Clearstream, their systems will only recognize the minimum denominations on the Notes as £1 and integral multiples of £1 in excess thereof and that any monitoring and enforcement of the minimum denominations will be the responsibility of any holder of Book-Entry Interests in the Notes and not the responsibility of Euroclear and Clearstream.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 and integral multiples of £1 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any Interest Payment Date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by or on behalf of the Issuer (or any successor of the Issuer) under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer (including any successor entity) is then incorporated or organized, engaged in business for tax purposes, or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer (including, without limitation, the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required by law to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes, including payments of principal, redemption price, purchase price or interest or premium, if any, the Issuer will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership or corporation) and the relevant Tax Jurisdiction (including being a resident, citizen or national of, or incorporated in or engaged in business for tax purposes, such jurisdiction for Tax purposes), other than any connection arising solely from the acquisition or holding of such Note, the exercise or enforcement of rights under such Note or the Indenture or the receipt of any payments under or in respect of such Note or the Indenture;

(2) any Taxes imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes;

(5) any Taxes imposed or withheld by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer addressed to the holder and made at least 60 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(6) any Taxes imposed pursuant to Sections 1471 through 1474, including Section 1471(b), of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") as of the Issue Date (or any amended or successor version of such Sections that are substantively comparable), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement thereto;

(7) any Tax imposed on or with respect to any payment by the Issuer to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes; or

(8) any combination of items (1) through (7) above.

In addition to the foregoing, the Issuer will also pay and indemnify each holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax

Jurisdiction on the execution, delivery, issuance, registration or enforcement of any of the Notes, the Indenture, or any other document or instrument referred to therein (other than a transfer of the Notes following the initial sale of the Notes by the initial purchasers), or the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes levied by any Tax Jurisdiction that are not excluded under clauses (1) through (3) or (5) through (7) above or any combination thereof).

If the Issuer becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Issuer will deliver to the Trustee and Paying Agents on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agents to pay such Additional Amounts on the relevant payment date. The Issuer will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee and Paying Agents shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law (including, where applicable, by the delivery of funding bonds). The Issuer will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer, or if, notwithstanding the Issuer's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by the Issuer. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the holders of the Notes.

If the Issuer elects to pay an amount of interest as PIK Interest and is required to pay Additional Amounts in respect of PIK Interest, such Additional Amounts shall be paid as PIK Interest. In other cases, such Additional Amounts shall be paid as Cash Interest.

Whenever in the Indenture or in this "Description of Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, premium or interest or of any other amount payable under, or with respect to, any of the Notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture and any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer is incorporated, organized or engaged in business or otherwise resident for tax purposes or any jurisdiction from or through which any payment on the Notes is made and any political subdivision thereof or therein.

Security

General

The Notes will be secured by first-priority Liens pursuant to (1) a pledge of all the Capital Stock of Midco2 and (2) an assignment by way of security of any existing and future intercompany loans in respect of which the Issuer is the obligor, including, among others, the Midco2 Intercompany Loan. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the Notes. Any additional security interests that may in the future be pledged to secure obligations under the Notes and the Indenture would also constitute Collateral.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes and the creditors of any other Indebtedness secured thereby. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, if at all. See "Risk Factors—Risks Relating to the Notes—The value of the collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes."

Release

The Issuer will be entitled to the release of the Liens over the assets constituting Collateral securing the Notes under any one or more of the following circumstances:

(1) other than with respect to the pledge of the Capital Stock of Midco2 and the assignment of the intercompany loans by the Issuer, in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Issuer or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of all or substantially all of the assets of the Issuer that are part of the Collateral (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary if the sale or other disposition does not violate the "Asset Sales" provisions of the Indenture;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(4) upon the full and final payment of the Notes and performance of all Obligations of the Issuer under the Indenture and the Notes;

(5) as described under the caption "—Amendment, Supplement and Waiver";

(6) upon a release of the Lien (the "*Initial Lien*") that resulted in the creation of the Lien (the "*Notes Lien*") under the covenant described under the caption "—Certain Covenants—Liens" so long as immediately after the release of the Notes Lien there is no other Indebtedness secured by a Lien on the property and assets that was the subject of the Initial Lien and Notes Lien that would result in the requirement for the Notes to be secured on such property or assets; or

(7) as otherwise permitted in accordance with the Indenture and the Security Documents.

The Trustee and the Security Agent will take all necessary action requested by the Issuer to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture and the relevant Security Document.

Subordination Agreement

Topco, the Issuer, the Security Agent and the Trustee will enter into the Subordination Agreement to give effect to the provisions described in the section entitled "Description of Certain Financing Arrangements—Subordination Agreement."

Standstill Agreement

The Funds, the security trustee with respect to the Topco Deferred Notes, Topco and the Trustee will enter into the Standstill Agreement to give effect to the provisions described in the section entitled "Description of Certain Financing Arrangements—Standstill Agreement."

Optional Redemption

At any time prior to , 2018, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to % of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date), with the net cash proceeds of an Equity Offering; *provided* that:

(1) at least 60% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Issuer and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to , 2018, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant Interest Payment Date.

Except pursuant to the preceding two paragraphs and except as described under "—Redemption for Changes in Taxes," the Notes will not be redeemable at the Issuer's option prior to , 2018.

On or after , 2018, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date:

Year	Redemption Price
2018	%
2019	%
2020 and thereafter	%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, however, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. Notwithstanding anything else in the Indenture or the Notes to the contrary, redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

The Issuer or its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available (including making payment through a Paying Agent located in another jurisdiction but *provided* that reasonable measures shall not include changing the jurisdiction of incorporation of the Issuer), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment has not been publicly announced before, and becomes effective on or after, the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent

jurisdiction or a change in published administrative practice) which amendment or change has not been publicly announced before, and becomes effective on or after, the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clause (1) and this clause (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it; and (b) a written opinion of independent tax counsel to the Issuer of recognized standing qualified under the laws of the relevant Tax Jurisdiction and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law which would entitle the Issuer to redeem the Notes hereunder. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Sinking Fund

The Issuer is not required to make sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to £100,000 or in integral multiples of £1; *provided* that Notes of £100,000 or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant Interest Payment Date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than the later of 60 days from the date such notice is mailed or delivered and the date of the completion of the Change of Control, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would also constitute a change of control under the Senior Secured Notes Indenture and would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility may not constitute a Change of Control under the Indenture. The future Indebtedness of the Issuer and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its then-existing financial resources. The Issuer will be dependent upon the Company, and as such will be subject to the then-existing financial resources of the Company. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the captions "—Optional Redemption" or "—Redemption for Changes in Taxation" conditioned, if at all, upon completion of the Change of Control, in each case, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control or an offer or other transaction that if consummated would result in a Change of Control has been publicly announced and, if applicable, not withdrawn at the time the Change of Control Offer is made.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Asset Sales

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities (other than any liabilities that are expressly subordinated in right of payment to the Notes), as recorded on the balance sheet of the Issuer or any Restricted Subsidiary (or, in relation to contingent liabilities, to the extent provisions have been taken on the balance sheet of the Issuer or any Restricted Subsidiary), that are assumed by the transferee of any such assets and as a result of which the Issuer and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (2), (3) or (4) of the next paragraph of this covenant;

(d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale;

(e) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary (other than any Indebtedness that is expressly subordinated in right of payment to the Notes) received from Persons who are not the Issuer or any Restricted Subsidiary that is subsequently cancelled; or

(f) any Designated Non-Cash Consideration received by the Issuer or any of its Restricted Subsidiaries in such Asset Sales having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (f) that is at that time outstanding, not to exceed the greater of £20.0 million and 1.2% of Total Assets of the Company at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Issuer or Restricted Subsidiary):

(1) (a) to repay, repurchase, prepay or redeem (i) any *Pari Passu* Indebtedness of the Issuer (other than the Notes), (ii) Indebtedness of any Restricted Subsidiary of the Issuer or (iii) the Notes pursuant to (x) an offer, on a *pro rata* basis, to all holders of Notes at a purchase price equal to at least 100% of the principal amount, *plus* accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a "*Notes Offer*") or (y) the redemption provisions set forth in the Indenture; or (b) to make an Asset Sale Offer (as defined below) to all holders of the Notes and holders of other Indebtedness that is *pari passu* with the Notes, that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to fund loan assets in the ordinary course of business and acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(5) pursuant to a binding commitment to apply the Net Proceeds pursuant to clause (1), (2), (3), (4) or (6) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(6) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds £20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other *Pari Passu* Indebtedness to purchase, prepay or redeem the maximum principal amount of Notes and such other *Pari Passu* Indebtedness (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, *plus* accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant Interest Payment Date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *Pari Passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *Pari Passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The ability of the Issuer to apply the proceeds of an Asset Sale by the Company and its Restricted Subsidiaries to repay Indebtedness of the Issuer may be limited. The Indebtedness of the Company and its Restricted Subsidiaries may not permit the application of the proceeds of any such Asset Sale to repay Indebtedness of the Issuer prior to an "Asset Sale Offer" under the terms of such Indebtedness. The ability of the Issuer to distribute any "Excess Proceeds" not used in an "Asset Sale Offer" under the terms of such Indebtedness, may be limited by the "restricted payment" covenant in the terms of such Indebtedness.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control, Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, in the case of Notes issued in certificated form, the Paying Agent (or the Registrar, as applicable) will select Notes for redemption on a *pro rata* basis or based on a method that most nearly approximates a *pro rata* selection as the Issuer deems fair and appropriate, unless such other method is otherwise required by law or applicable stock exchange requirements and, in the case of Notes issued in global form, as discussed under "Book-Entry; Delivery and Form." Notes will be selected in compliance with the relevant depositary's requirements and in compliance with applicable law and any applicable stock exchange requirements. Neither the Paying Agent nor the Registrar shall be liable for any selections made in accordance with this paragraph.

No Notes of £100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge of the Indenture, requests that the Trustee distribute to the Holders of the Notes amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions set forth under "—Satisfaction and Discharge," the applicable redemption notice will state (i) that Holders of the Notes will receive such amounts deposited in trust with the Trustee prior to the date fixed for redemption and (ii) such earlier payment date.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer or any Deeply Subordinated Shareholder Indebtedness and other than dividends or distributions payable to the Issuer or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any Parent Holdco of the Issuer;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer that is expressly contractually subordinated in right of payment to the Notes (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case, due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Deeply Subordinated Shareholder Indebtedness; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"). Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may, prior to a Public Equity Offering that results in a Public Market of the Capital Stock of the Issuer or a Parent Holdco of the Issuer, make Restricted Investments (other than an Indirect Restricted Payment), and, following the date on which such Public Equity Offering has occurred, Restricted Payments, if at the time of and after giving *pro forma* effect to such proposed Restricted Investment or Restricted Payment, as the case may be:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Corporate Debt Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (10), (11), (13) and (14) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing July 1, 2013 to the end of the most recently ended fiscal quarter for which internal financial statements of the Issuer are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case, that have been converted into or exchanged for Equity Interests of the Issuer (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer) or from the issuance or sale of Deeply Subordinated Shareholder Indebtedness (other than an issuance or sale to a Subsidiary of the Issuer); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Issuer or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Issuer and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, the Fair Market Value of the property received by the Issuer or Restricted Subsidiary or the Issuer's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Issuer for such period; *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Issuer or one of its Restricted Subsidiaries to any Person (other than the Issuer or a Restricted Subsidiary), an amount equal to the amount of such guarantee to the extent such amount reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced and is not otherwise included in the preceding clauses (iii) or (iv).

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of, the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of Equity Interests of the Issuer (other than Disqualified Stock) or Deeply Subordinated Shareholder Indebtedness or substantially concurrent contribution of common equity capital to the Issuer (other than through Excluded Contributions); *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer that is contractually subordinated to the Notes with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests or Deeply Subordinated Shareholder Indebtedness of the Issuer or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests or Deeply Subordinated Shareholder Indebtedness may not exceed £6.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Issuer or a Restricted Subsidiary or Deeply Subordinated Shareholder Indebtedness of the Issuer received by the Issuer or a Restricted Subsidiary during such calendar year, in each case, from members of management, officers, employees, directors or consultants of the Issuer, any of its Restricted Subsidiaries or any Parent Holdco of the Issuer to the extent the cash proceeds from the sale of Equity Interests or Deeply Subordinated Shareholder Indebtedness have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;

(8) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed £2.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year;

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Issuer or any Restricted Subsidiary) then entitled to participate in such dividends on a *pro rata* basis;

(10) Restricted Payments that are made with Excluded Contributions;

(11) the payment of any Securitization Fees and purchases of Securitization Assets and related assets in connection with Securitization Repurchases relating to a Qualified Securitization Financing (including the Existing Qualified Securitization Financings for so long as they constitute Qualified Securitization Financings);

(12) so long as no Default or Event of Default has occurred and is continuing, Investments (other than Indirect Restricted Payments) and, following the date on which a Public Equity Offering that results in a Public Market of the Capital Stock of the Issuer or a Parent Holdco of the Issuer has occurred, any Restricted Payment in an aggregate amount not to exceed £30.0 million since the Issue Date;

(13) dividends or other distributions of capital stock of Unrestricted Subsidiaries; or

(14) dividends, loans, advances or distributions to any Parent Holdco or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

   (a) the amounts required for any Parent Holdco, without duplication, to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses incurred in connection with the Transactions or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (4), (5), (10) and (13) of the second paragraph under "*—Transactions with Affiliates*").

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Indebtedness that is unsecured shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock if the Fixed Charge Corporate Debt Coverage Ratio for the Company and its Restricted Subsidiaries for the Company's most recently ended four full fiscal quarters for which internal financial statements are readily available would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or preferred stock had been issued, as the case may be, at the beginning of such four quarter period; *provided* that any Unsecured Indebtedness of the Company and its Restricted Subsidiaries incurred pursuant to this paragraph shall not exceed in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease, or discharge any Indebtedness incurred pursuant to this proviso, £25.0 million.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed (i) the greater of (x) £100.0 million and (y) 6.0% of Total Assets of the Company, *plus* (ii), in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness outstanding on the Issue Date after giving effect to the use of proceeds from the offering of the Notes (other than Indebtedness pursuant to the Revolving Credit Facility and the Existing Qualified Securitization Financings);

(3) the incurrence by the Issuer of Indebtedness represented by (a) the Notes issued on the Issue Date; and (b) an unlimited principal amount of PIK Interest issued from time to time in payment of accrued interest or Additional Amounts on the Notes, (either in the form of an issuance of PIK Notes or by increasing the amount of principal on any Note) but not including any Additional Notes other than PIK Notes;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness representing Capital Lease Obligations, mortgage financings or purchase money obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed £20.0 million at any time outstanding;

(5) (a) the incurrence by the Issuer or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under clause (3) or (5)(a) of this paragraph; and (b) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any

Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clause (2), (3), (5) or (14) of this paragraph; *provided* that such Permitted Refinancing Indebtedness shall not be Unsecured Indebtedness of the Company and its Restricted Subsidiaries to the extent incurred to renew, refund, refinance, replace, defease or discharge Indebtedness incurred under the first paragraph of this covenant that was not Unsecured Indebtedness to the extent such Permitted Refinancing Indebtedness, incurred pursuant to this clause (5), when taken together with any Unsecured Indebtedness of the Company and its Restricted Subsidiaries incurred under the first paragraph of this covenant, shall exceed an aggregate principal amount at any time outstanding of £25.0 million;

(6) the incurrence by the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Issuer or any Restricted Subsidiary; *provided* that:

(a) if the Issuer is the obligor on such Indebtedness, such Indebtedness must be (except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries) unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by such Restricted Subsidiary that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Issuer or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Company or such Restricted Subsidiary, as the case may be);

(9) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, insurance companies, hire-purchase agreements for equipment, software or other assets in the ordinary course of business, bankers' acceptances and performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) Indebtedness represented by guarantees of any Management Advances;

(13) Indebtedness incurred in any Qualified Securitization Financing;

(14) Indebtedness (a) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries or (b) incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a

Restricted Subsidiary of the Company or was otherwise acquired by the Company or a Restricted Subsidiary; *provided, however,* with respect to this clause (14), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (14) or (y) the Fixed Charge Corporate Debt Coverage Ratio of the Company would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(15) Indebtedness arising from agreements of the Issuer or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(16) Indebtedness of the Issuer and its Restricted Subsidiaries in respect of (a) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers' compensation obligations, and (b) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(17) the incurrence of Indebtedness by the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (17), not to exceed £30.0 million; and

(18) Indebtedness of the Company and any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (18) and then outstanding, will not exceed 100% of the net cash proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Deeply Subordinated Shareholder Indebtedness or Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (a) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2) and (4) of the second paragraph of the covenant described above under "—Restricted Payments" to the extent the Company or any of its Restricted Subsidiaries incurs Indebtedness in reliance thereon and (b) any such net cash proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (18) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2) and (4) of the second paragraph of the covenant described under "—Restricted Payments" in reliance thereon.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant and from time to time to reclassify all or a portion of such item of Indebtedness**,** in any manner that complies with this covenant. Indebtedness under the Revolving Credit Facility outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on clause (1) of the definition of Permitted Debt and may not be reclassified.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness (including PIK Interest), the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any sterling-denominated restriction on the incurrence of Indebtedness, the sterling equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-sterling currency is subject to a Currency Exchange Protection Agreement with respect to sterling, the amount of such Indebtedness expressed in sterling will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the sterling equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the sterling equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such sterling equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the sterling equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

For purposes of determining compliance with any Total Asset percentage restriction on the incurrence of Indebtedness, the amount of such Total Assets will be the Total Assets determined on the date of the incurrence of such Indebtedness. Notwithstanding any other provision of this covenant, the maximum amount that the Issuer or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded, with respect to such incurrence, due solely to the result of fluctuations in the amount of Total Assets (and, for the avoidance of doubt, such Indebtedness will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (a) the Fair Market Value of such assets at the date of determination; and

    (b) the amount of the Indebtedness of the other Person.

Anti-Layering

The Issuer will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Liens

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing

Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) if such Lien is not a Permitted Lien, to the extent that all payments due under the Indenture, the Notes are secured on an equal and ratable *pari passu* basis with the obligations so secured (and if such obligations so secured are subordinated in right of payment to the Notes, on a senior priority basis) until such time as such obligations are no longer secured by a Lien; and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(2) make loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreements as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in (a) those agreements or (b) comparable transactions at the time of determination (as determined in good faith by the Issuer) and where, in the case of this sub-clause (b), the Issuer determines at the time of such amendment, restatement, modification, renewal, supplement, refund, replacement or refinancing that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or Cash Interest payments on the Notes;

(2) the Indenture, the Notes, the Subordination Agreement, the indenture governing the Senior Secured Notes, the Senior Secured Notes, the guarantees of the Senior Secured Notes, the Revolving Credit Facility, the Senior Secured Intercreditor Agreement, the Security Documents, the Standstill Agreement, the security documents related to the Senior Secured Notes, and the Existing Qualified Securitization Financings, in each case, as in effect on the Issue Date;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that (a) the restrictions therein are not materially less favorable, taken as a whole, to the holders of the Notes than in comparable financings (as determined in good faith by the Issuer), (b) the restrictions therein are not materially less favorable to the holders of the Notes than in the agreements listed in clause (2) above or (c) where the Issuer determines when such Indebtedness is incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the ability of the Issuer to make principal or Cash Interest payments on the Notes (as determined in good faith by the Issuer);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any

Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in comparable financings at the time of determination (as determined in good faith by the Issuer) and would not otherwise restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes, the Indenture, the Security Documents, the Subordination Agreement and the Standstill Agreement;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any encumbrance or restriction effected in connection with a Qualified Securitization Financing; and

(14) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (13) or in this clause (14); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially less favorable, taken as a whole, to the holders of the Notes than those contained in (a) the agreement so extended, renewed, refinanced or replaced or (b) comparable transactions at the time of determination (as determined in good faith by the Issuer) and where, in the case of this sub-clause (b), the Issuer determines at the time of such amendment, restatement, modification, renewal, supplement, refund, replacement or refinancing that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or Cash Interest payments on the Notes.

Merger, Consolidation or Sale of Assets

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Guernsey, Jersey, the Isle of Man, the British Virgin Islands, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of Issuer under the Notes, the Security Documents, the Subordination Agreement and the Standstill Agreement;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (a) have a Fixed Charge Corporate Debt Coverage Ratio for the most recently ended four full fiscal quarters for which internal financial statements are readily available of not less than 2.0 to 1.0 or (b) have a Fixed Charge Corporate Debt Coverage Ratio of not less than the Fixed Charge Corporate Debt Coverage Ratio of the Issuer immediately prior to giving *pro forma* effect to such transaction; and

(5) the Issuer delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Notes and the Indenture each constitute legal, valid and binding obligations of the Issuer or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms.

Clauses (3) and (4) of the first paragraph of this covenant will not apply to any merger or consolidation of the Issuer with or into an Affiliate solely for the purpose of reincorporating the Issuer in another jurisdiction.

Transactions with Affiliates

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in any single Affiliate Transaction or series of related Affiliate Transactions in excess of £5.0 million, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction on an arm's-length basis by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee:

  (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £10.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer; and, in addition,

  (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £40.0 million, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements or indemnity arrangements with any employee, consultant, officer or director of the Issuer or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries (or entity that becomes a Restricted Subsidiary as a result of such transaction);

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Issuer to Affiliates of the Issuer or options, warrants or other rights to acquire such Equity Interests;

(6) any Restricted Payment that is permitted pursuant to the covenant described above under the caption "—Restricted Payments";

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (11) and (15) of the definition thereof);

(8) the incurrence of any Deeply Subordinated Shareholder Indebtedness;

(9) the Transactions; and transactions pursuant to, or contemplated by, any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(10) Management Advances;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case, in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Issuer or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) any transaction effected as part of a Qualified Securitization Financing;

(13) execution, delivery and performance of any Tax Sharing Agreement or the formation or maintenance of any consolidated group for Tax, accounting or cash pooling or management purposes in the ordinary course of business;

(14) any pledge of Capital Stock of Unrestricted Subsidiaries;

(15) any sale of assets or other disposition to an Unrestricted Subsidiary that complies with clauses (1) and (2) of the first paragraph of the covenant described above under "*—Repurchase at the Option of the Holders—Asset Sales*"; and

(16) transactions with Unrestricted Subsidiaries in the ordinary course of business.

Limitation on Issuance of Guarantees of Indebtedness of the Issuer

Notwithstanding anything to the contrary in the Indenture, no Restricted Subsidiary shall guarantee any Indebtedness of the Issuer unless such Restricted Subsidiary executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a guarantee of the Notes; *provided, however*, that such Restricted Subsidiary shall not be obligated to guarantee the Notes to the extent and for so long as the incurrence of such guarantee may reasonably be expected to give rise to or result in (a) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restrictions) of any applicable jurisdiction which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary (including "whitewash" or similar procedures) or (b) any risk or liability for the officers, directors or shareholders of such Restricted Subsidiary; *provided* that the Issuer will procure that the relevant Restricted Subsidiary becomes a guarantor of the Notes at such time as such restriction would no longer apply to the providing of the Note guarantee or no longer would prohibit such Restricted Subsidiary from becoming a guarantor (or prevent the Issuer from causing such Restricted Subsidiary to become a guarantor).

Each additional note guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future guarantees of the Notes granted pursuant to this provision shall be released at the option of the Issuer upon such guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such note guarantee, so long as no Default or Event of Default would arise as a result and no other Indebtedness guaranteed by, or incurred by, the relevant guarantor would have required that such guarantor provide a note guarantee pursuant to the terms of the Indenture immediately after the release of such note guarantee. The Trustee and the Security Agent shall each take all necessary actions to effectuate any release of a guarantee of the Notes in accordance with these provisions.

No Impairment of Security Interest

The Issuer will not take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Issuer will not grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture and the Security Documents; and (b) the Issuer may incur Permitted Collateral Liens; and *provided further, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Issuer delivers to the Trustee one of the following: (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement; (2) a certificate from the Board of Directors or chief financial officer of the Issuer (acting in good faith), in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

At the direction of the Issuer and without the consent of the holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the first paragraph of this covenant) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Issuer complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture, the Issuer shall not engage in any business activity or undertake any other activity, except any activity (1) related to the offering, sale, issuance and servicing, listing, purchase, redemption, amendment, exchange, refinancing, incurring or retirement of the Notes, the incurrence of Indebtedness represented by the Notes (including any Additional Notes) or other Indebtedness of the Issuer permitted under the Indenture, including intercompany indebtedness, lending or otherwise advancing the proceeds thereof and any other activities in connection therewith or complementary or useful thereto; (2) undertaken with the purpose of, and directly related to, fulfilling any other obligations under any Indebtedness of the Issuer (including, without limitation, the Notes) permitted under the Indenture (including for the avoidance of doubt, any repurchase or purchase, repayment, redemption or prepayment of such Indebtedness or entering into and termination of Hedging Obligations permitted under the Indenture); (3) undertaken with the purpose of, and directly related to, fulfilling the obligations of the Issuer under any Security Document to which it is a party, the Subordination Agreement, the Standstill Agreement or any other document relating to the Notes (including Additional Notes) or the making of Restricted Payments in accordance with the covenant described under the caption "—Restricted Payments"; (4) related to the granting of Permitted Liens and Permitted Collateral Liens over its assets to secure the Indebtedness of any Restricted Subsidiary if the grant of such Liens were otherwise permitted by the Indenture; (5) related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence and the corporate existence of its Subsidiaries; (6) related to the paying of dividends or making of distributions, or investing amounts received by the Issuer, in each case, in such manner not otherwise prohibited by the Indenture; (7) involving the provision of administrative services and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets needed to provide such service; (8) related to any purchase agreement, and/or any other document (including the Subordination Agreement) entered into in connection with the issuance of the Notes or any other Indebtedness permitted under the Indenture; (9) related to the ownership of the Capital Stock of Midco2 (or to the extent transferred to the Issuer, the Company), directly and/or through one or more holding companies; (10) related to the issuance of Capital Stock and activities related to any stock option plan or any other management or employee benefit or incentive plan; (11) related to the ownership of cash and Cash Equivalents; (12) reasonably related to the foregoing; (13) related to consummating the Transactions; and (14) not specifically enumerated above that is *de minimis* in nature.

Limitation on Midco2 Activities

Notwithstanding anything contained in the Indenture, the Midco2 shall not engage in any business activity or undertake any other activity, except any activity (1) related to the servicing, listing, purchase, redemption, amendment, exchange, refinancing, incurring or retirement of any intercompany indebtedness, lending or otherwise advancing the proceeds thereof and any other activities in connection therewith or complementary or useful thereto; (2) related to the payment of dividends or the making of distribution to the Issuer; (3) undertaken with the purpose of, and directly related to, fulfilling the obligations of Midco2 under any Security Document to which it is a party; (4) related or reasonably incidental to the establishment and/or maintenance of Midco2's corporate existence and the corporate existence of its Subsidiaries; (5) involving the provision of administrative services and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets needed to provide such service; (6) related to the ownership of the Capital Stock of the Company; (7) related to the issuance of Capital Stock and activities related to any stock option plan or any other management or employee benefit or incentive plan; (8) related to the ownership of cash and Cash Equivalents; (9) reasonably related to the foregoing; (10) related to consummating the Transactions; and (11) not specifically enumerated above that is *de minimis* in nature.

Collateral

The Issuer will, and will procure that Midco2 will, at its own expense, use reasonable best efforts to execute and do all such acts and things and provide such assurances as may be reasonably required (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Issuer will use reasonable best efforts to, and will use reasonable best efforts to procure that Midco2 will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Issuer's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments."

If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," the Issuer will be in default of such covenant.

The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary*; provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction or any category of holders of Notes where (1) the solicitation of such consent, waiver or amendment, including in connection with any tender or exchange offer, or (2) the payment of the consideration therefor could reasonably be interpreted as requiring the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws and the laws of the European Union or any of its member states and the laws of the United Kingdom), which the Issuer in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of holders of Notes.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain the listing of the Notes on the Official List of the Irish Stock Exchange and to admit the Notes for trading on the Global Exchange Market as promptly as practicable and will use its commercially reasonable efforts to maintain the listing of the Notes on the Official List of the Irish Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Global Exchange Market, and thereafter use its best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days following the end of each fiscal year of the Company beginning with the fiscal year ending June 30, 2017, annual reports containing the following information: (a) audited consolidated balance sheet of the Company as of the end of the most recent fiscal year (and comparative information as of the end of the prior fiscal year) and audited consolidated statements of income and cash flow of the Company for the most recent fiscal year (and comparative information for the prior fiscal year), including consolidated note disclosure to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange

Act), together with explanatory notes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials)); (c) an operating and financial review of the audited financial statements of the Company, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Issuer and the Company, material affiliate transactions and material debt instruments; (e) loan portfolio analysis; (f) material risk factors and material recent developments; and (g) any statutory financial information of the Issuer and Midco2 (to the extent prepared) and a brief description of the material differences in the financial condition and results of operation between the Issuer and its Restricted Subsidiaries (other than the Company and its Restricted Subsidiaries) and the Company and its Restricted Subsidiaries and a statement of the Issuer's total debt, cash, and interest expense on a consolidated basis;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending September 30, 2016, quarterly reports, containing the following information: (a) an unaudited condensed consolidated balance sheet of the Company as of the end of such quarter and unaudited statements of income and cash flow of the Company for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with consolidated note disclosure; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials); (c) an operating and financial review of the unaudited condensed consolidated financial statements, including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; (d) loan portfolio analysis; (e) material recent developments; and (f) a brief description of the material differences in the financial condition and results of operation between the Issuer and its Restricted Subsidiaries (other than the Company and its Restricted Subsidiaries) and the Company and its Restricted Subsidiaries and a statement of the Issuer's total debt, cash, and interest expense on a consolidated basis; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer or the Company and their Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer, Chief Financial Officer or other Managing Director at the Issuer or the Company or change in auditors of the Issuer or the Company or any other material event that the Issuer or the Company announces publicly, a report containing a description of such event,

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Subsidiaries of the Issuer (other than the required consolidated financial statements expressly required in (1) and (2) above).

In addition, if the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the notes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All financial statements will be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum (other than the required consolidated financial statements expressly required in (1) and (2) above).

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Issuer's website. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, at the offices of the Paying Agent in London.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Anti-Layering";

(5) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(6) "—Designation of Restricted and Unrestricted Subsidiaries";

(7) "—Transactions with Affiliates"; and

(8) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets."

Such covenants and any related default provisions will again apply according to their terms from the first day on which the Notes cease to have Investment Grade Status. Such covenants will not, however, be of any effect with regard to the actions of the Issuer and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period*; provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be deemed to have been incurred or issued pursuant to clause (2) of the second paragraph of the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

Events of Default and Remedies

Each of the following is an "*Event of Default*:"

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Issuer for 60 days after written notice (a) to the Issuer by the Trustee or (b) to the Issuer and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in the preceding clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

   (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity,

   and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £30.0 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clause (1), (2), (3) or (4) of the definition thereof;

(6) failure by the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £30.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (i) any security interest created by any Security Document with respect to Collateral with an aggregate value exceeding £10.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture and the Security Documents) or any assertion by the Issuer or any of its Restricted Subsidiaries that any Collateral with an aggregate value exceeding £10.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture and the Security Documents); or (ii) the repudiation by the Issuer or any of its Restricted Subsidiaries of any of its material obligations under any Security Document in relation to property or assets with an aggregate value exceeding £5.0 million; and

(8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of the Issuer's Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holders of Notes. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past Default or Event of Default under the Indenture and its consequences, except a continuing Default or Event of Default in the payment of principal, interest or Additional Amounts or premium, if any on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected unless holders of not less than 90% in then outstanding principal amount waives such Default or Event of Default).

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture substantially in the form attached to the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer, as such, will have any liability for any obligations of the Issuer under the Notes, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in sterling, non-callable U.K.

Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities, in amounts as will be sufficient to pay the principal of and Cash Interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the next three succeeding paragraphs, the Indenture, the Notes, the Security Documents, the Subordination Agreement and the Standstill Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Subordination Agreement, the Standstill Agreement or any Security Document may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) (a) reduce the principal of or change the fixed maturity of any Note or (b) reduce the purchase price payable upon the redemption of any such Note or (c) change the time (other than notice periods) at which any such Note may be redeemed, in the case of each (b) and (c) as described above under "—Optional Redemption" and "—Redemption for Changes in Taxes";

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in a currency other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release all or substantially all of the Collateral from Liens granted for the benefit of the holders of Notes, except in accordance with the terms of the relevant Security Document and the Indenture; or

(10) make any change in the preceding amendment and waiver provisions.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants described under "—Certain Covenants," shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Trustee and the Security Agent may amend or supplement the Indenture, the Notes, the Subordination Agreement, the Standstill Agreement or any Security Document:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes; *provided* that such uncertificated Notes shall be in "registered form" for the purposes of Section 163(f) of the Code;

(3) to provide for the assumption of the Issuer's obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of the Issuer's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture or the Notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture or the Notes;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) to allow any future guarantor to execute a supplemental indenture and/or note guarantee with respect to the Notes;

(8) to enter into additional or supplemental Security Documents;

(9) to add additional parties to the Subordination Agreement, Standstill Agreement or any Security Document to the extent permitted hereunder or thereunder; or

(10) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under any Security Document.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee and the Security Agent shall be entitled to rely absolutely on such evidence as each deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture, have been delivered to the Paying Agent for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption by the Trustee in the name, and at the expense, of the Issuer or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in sterling, non-callable U.K. Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer has paid or caused to be paid all sums payable by the Issuer under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of independent counsel to the Trustee stating that all conditions precedent in the Indenture relating to satisfaction and discharge of the Indenture have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the holders prior to maturity or the redemption date, as the case may be; *provided, however,* that the Holders shall have received at least five Business Days' notice from the Issuer of such earlier payment date (which may be included in a notice of redemption).

Judgment Currency

Any payment on account of an amount that is payable in sterling which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer, shall constitute a discharge of the Issuer's obligation under the Indenture and the Notes, only to the extent of the amount of sterling that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of sterling that could be so purchased is less than the amount of sterling originally due to such holder or the Trustee, as the case may be, the Issuer shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee as soon as reasonably practicable after becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires actual knowledge that it has any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance and administration of the Indenture, including, without limitation, in connection with distributing trust funds to Holders at the request of the Issuer (and in accordance with the Indenture) as set forth under "—Satisfaction and Discharge."

Listing

Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes for trading on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents, the Subordination Agreement and the Standstill Agreement without charge by writing to Head of Treasury, Jerrold Holdings Limited, Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, copies, current and future, of all of the Issuer's annual audited consolidated financial statements and the Issuer's unaudited consolidated interim financial statements, as applicable, and this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in London.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Security Documents, the Subordination Agreement and the Standstill Agreement will be governed by English law.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer will appoint Corporation Service Company as its authorized agent, which is presently located at 1133 Avenue of the Americas, Suite 3100, New York, New York 10036, United States of America as its agent for service of process in any suit, action or proceeding with respect to the Indenture or the Notes brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since all of the assets of the Issuer are outside the United States, any judgment obtained in the United States against the Issuer may not be collectable within the United States. Please see "Service of Process and Enforcement of Civil Liabilities."

Prescription

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at , 2018 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption"), *plus* (ii) all required interest payments due on the Note through , 2018 (excluding accrued but unpaid interest to the redemption date and assuming all interest payments were made in the form of Cash Interest), computed using a discount rate equal to the Gilt Rate as of such redemption date *plus* 50 basis points; over

(b) the principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Registrar or any Paying Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Issuer or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Issuer or any of its Restricted Subsidiaries of Equity Interests in any Subsidiary of the Issuer (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value not to exceed the greater of £6.0 million or 0.4% of Total Assets of the Company;

(2) a transfer of assets or Equity Interests between or among the Issuer and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) licenses and sublicenses by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Certain Covenants—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments" or a Permitted Investment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets;

(13) any sale, transfer or other disposition of Securitization Assets and related assets in connection with or related to any Qualified Securitization Financing; and

(14) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "*Beneficially Owns*" and "*Beneficially Owned*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the Board of Directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London or New York or a place of payment under the Indenture are authorized or required by law to close.

"*CABS*" means Charles Street Conduit Asset Backed Securitization 1 Limited.

"*CABS Note Issuance Facility Agreement*" means the note issuance facility agreement, dated November 12, 2007 as amended, restated, modified, renewed, or supplemented from time to time, with, among others, the Company, as cash administrator, CABS, as note issuer and the Royal Bank of Scotland plc, as facility agent, security trustee and standby cash administrator (as amended, novated, supplemented, extended, restated or replaced).

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, the United Kingdom or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United States of America, the United Kingdom or Switzerland, as the case may be, and which are not callable or redeemable at the issuer's option and which have a credit rating of "A" or better from S&P and "A2" or better from Moody's;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits and similar instruments with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof or of the United Kingdom or Switzerland; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "Baa1" or higher by Moody's or "BBB+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition;

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition; and

(6) any investments classified as cash equivalents under IFRS.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than the Permitted Holders (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Issuer to an Affiliate of the Issuer for the purpose of reincorporating the Issuer in another jurisdiction; *provided* that such transaction complies with the covenant described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets");

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Issuer, measured by voting power rather than number of shares; or

(4) the first day on which (a) the Issuer shall fail to directly own 100% of the issued and outstanding Voting Stock and Capital Stock of Midco2, excluding (A) treasury shares and (B) directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another wholly-owned Restricted Subsidiary of the Issuer; or (b) Midco2 shall fail to own 100% of the issued and outstanding Voting Stock of the Company and at least 95% of the Capital Stock of the Company (except to the extent such Voting Stock and Capital Stock is owned directly by the Issuer), excluding (A) treasury shares and (B) directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Midco2 or another wholly owned Restricted Subsidiary of Midco2.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means (1) the rights, property and assets of the Issuer for which a Lien has been created to secure the Notes pursuant to the Security Documents and (2) any other right, property or asset in which a security interest has been or will be granted pursuant to any Security Document to secure the Obligations under the Indenture or the Notes.

"Company" means Jerrold Holdings Limited.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Non-Securitization Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness (other than with respect to any Qualified Securitization Financing except to the extent such expenses, charges and other costs are incurred by the Issuer and its Restricted Subsidiaries other than CABS, LABS or any other subsidiary or special purpose vehicle through which the Issuer or a Restricted Subsidiary is a party to a Qualified Securitization Financing) permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness (other than with respect to any Qualified Securitization Financing except to the extent such expenses, charges and other costs are incurred by the Issuer and its Restricted Subsidiaries other than CABS, LABS or any other subsidiary or special purpose vehicle through which the Issuer or a Restricted Subsidiary is a party to a Qualified Securitization Financing) and (ii) any amendment or other modification of any incurrence (other than any incurrence with respect to any Qualified Securitization Financing except to the extent such expenses, charges and other costs are incurred by the Issuer and its Restricted Subsidiaries other than CABS, LABS or any other subsidiary or special purpose vehicle through which the Issuer or a Restricted Subsidiary is a party to a Qualified Securitization Financing); *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Issuer and its Restricted Subsidiaries; *plus*

(6) (a) any extraordinary, exceptional or unusual loss or charge, or (b) any non-cash charges or reserves in respect of any integration; *plus*

(7) the amount of any minority interest expense (other than with respect to any Qualified Securitization Financing) consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness (other than with respect to any Qualified Securitization Financing unless paid by the Issuer and its Restricted Subsidiaries other than CABS, LABS or any other subsidiary or special purpose vehicle through which the Issuer or a Restricted Subsidiary is a party to a Qualified Securitization Financing); *minus*

(9) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of the Issuer and its Restricted Subsidiaries; *minus*

(10) any extraordinary, exceptional or unusual gain; *minus*

(11) extraordinary, exceptional or unusual non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (11) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS (or generally accepted accounting principles applicable in the United Kingdom for periods ending prior to July 1, 2015) and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments," any net income (loss) of any Restricted Subsidiary will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture or (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary (including under the Revolving Credit Facility and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to dividends and other payment restrictions than those contained in comparable financings at the time of determination (as determined in good faith by the Issuer) and would not otherwise restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its Obligations under the Notes, the Indenture or the Security Documents) and (d) other restrictions with respect to such Restricted Subsidiary that would not materially adversely affect the ability of the Issuer to service or repay the Notes, except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than the Issuer), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(4) any one-time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Issuer) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(11) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Deeply Subordinated Shareholder Indebtedness will be excluded.

For purposes of calculating Consolidated Net Income for the covenant described under the caption "—Certain Covenants—Restricted Payments," Consolidated Net Income for the period from July 1, 2013 to the Issue Date shall be the Consolidated Net Income of the Company (which, in the case of the period from the first day of the month of the Issue Date to the Issue Date, shall be calculated on a *pro rata* basis based on the Consolidated Net Income of the Company for that month) and the Issuer thereafter.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes, debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Deeply Subordinated Shareholder Indebtedness*" means, collectively, any subordinated shareholder debt provided to the Issuer by any direct or indirect Parent Holdco of the Issuer or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Deeply Subordinated Shareholder Indebtedness; *provided* that such Deeply Subordinated Shareholder Indebtedness:

(1) does not (including upon the happening of any event) mature or require (including upon the happening of any event) any amortization or other payment of principal (including pursuant to a sinking fund or otherwise) prior to the six-month anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the six-month anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default, accelerate, place on demand or exercise any remedies or take any enforcement action, in each case, prior to the six-month anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Issuer or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Issuer;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Issuer at least to the same extent as the Subordinated Topco Debt as in effect on the Issue Date and shall be deemed "Subordinated Liabilities" as defined in the Subordination Agreement (or such comparable term in any other similar agreement); and

(6) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Issuer,

provided, *however*, that after any event or circumstance that results in such Indebtedness ceasing to qualify as Deeply Subordinated Shareholder Indebtedness, such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Deeply Subordinated Shareholder Indebtedness shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Deeply Subordinated Shareholder Indebtedness. For the avoidance of doubt, the Subordinated Topco Debt (other than any amendments, novations, supplements, extensions, restatements or replacements thereto) will be deemed to be Deeply Subordinated Shareholder Indebtedness.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means a sale of Capital Stock (other than Disqualified Stock) of the Issuer or a Parent Holdco of the Issuer pursuant to which the net cash proceeds are contributed to the Issuer or its Subsidiaries in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Issuer or its Subsidiaries or as Deeply Subordinated Shareholder Indebtedness of the Issuer.

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Issuer or its Restricted Subsidiaries after the Issue Date from:

(1) contributions to the Issuer's Equity Interests; and

(2) the sale (other than to a Subsidiary of the Issuer) of Capital Stock (other than Disqualified Stock) of the Issuer,

in each case, designated as "Excluded Contributions" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Issuer or its Restricted Subsidiaries), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under the caption "—Certain Covenants—Restricted Payments."

"*Existing Qualified Securitization Financings*" means (1) the Obligations of CABS under the CABS Note Issuance Facility Agreement, and (2) the Obligations of LABS under the LABS Note Issuance Facility Agreement.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Board of Directors of the Issuer or responsible accounting or financial officer of the Issuer.

"*Fitch*" means Fitch Ratings Limited or any successor to the rating agency business thereof.

"*Fixed Charge Corporate Debt Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of (1) the Consolidated EBITDA of such Person for such period to (2) the Non-Securitization Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Corporate Debt Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Corporate Debt Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Corporate Debt Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Non-Securitization Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (other than clause (14) of such paragraph thereof, the incurrence of which itself is subject to the Fixed Charge Corporate Debt Coverage Ratio) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (other than clause (14) of such paragraph thereof).

In addition, for purposes of calculating the Fixed Charge Corporate Debt Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries

acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Non-Securitization Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Non-Securitization Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*Funds*" means the "Funds" as defined in this Offering Memorandum under the caption "Summary—The Transactions."

"*Gilt Rate*" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to , 2018; *provided*, *however*, that if the period from such redemption date to , 2018 is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed by the European Union as in effect on the Issue Date.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the notes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "*Indebtedness*" shall not include:

(1) Deeply Subordinated Shareholder Indebtedness;

(2) any lease of property which would be considered an operating lease under IFRS in effect on the Issue Date and any guarantee given by the Issuer or a Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or a Restricted Subsidiary under any operating lease;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;

(5) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(6) obligations under or in respect of Qualified Securitization Financings; or

(7) obligations arising in connection with the payment of any annual insurance premiums or software licenses by installments.

"*Indenture*" means the Indenture for the Notes, as it may be amended or modified, supplemented from time to time.

"*Indirect Restricted Payment*" means an Investment, directly or indirectly, in (1) any Parent Holdco of the Issuer, (2) any Permitted Holder, (3) any Affiliate of any Permitted Holder (other than the Issuer or a Restricted Subsidiary or a Person who is an Affiliate of a Permitted Holder because the Issuer or one of its Restricted Subsidiaries holds Capital Stock of such Person) or (4) any Unrestricted Subsidiary (to the extent the Investment in such Unrestricted Subsidiary or the designation of a Restricted Subsidiary as an Unrestricted Subsidiary, is directly or indirectly used in a manner that would have otherwise been a Restricted Payment pursuant to clause (1), (2), (3) or (4) of the definition thereof had such Unrestricted Subsidiary been subject to the covenant described above under the caption "—Certain Covenants—Restricted Payments").

"*Investment Grade Status*" shall occur when the Notes are rated "BBB-" or better by Fitch and "BBB-" or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the notes thereto) prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means , 2016.

"*Issuer Deferred Note*" means the deferred interest payment-in-kind note in an aggregate amount of £100.0 million to be issued to the Funds by the Issuer on or about the Issue Date in exchange for the Midco2 Deferred Note and which the Funds will substantially concurrently transfer to Topco in exchange for the Topco Deferred Note.

"*LABS*" means Lakeside Asset Backed Securitization 1 Limited.

"LABS Note Issuance Facility Agreement" means the note issuance facility agreement, dated August 13, 2015, with, among others, the Company, as cash administrator, LABS, as note issuer, HSBC Bank plc, as facility agent and liquidity provider and HSBC Corporate Trustee Company (UK) Limited, as Security Trustee (as amended, novated, supplemented, extended, restated or replaced).

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers or employees of the Issuer or any Restricted Subsidiary: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or (3) in the ordinary course of business and (in the case of this clause (3)) not exceeding £3.0 million in the aggregate outstanding at any time.

"Midco2" refers to Bracken Midco2 Limited.

"Midco2 Deferred Note" means the deferred interest payment-in-kind note in an aggregate amount of £100.0 million to be issued by Midco2 on or about the Issue Date to the Funds to finance in part the acquisition of certain equity interests in the Company held by the Funds, which note the Funds will substantially concurrently transfer to the Issuer in exchange for the Issuer Deferred Note.

"Midco2 Intercompany Loan" means the loan made by the Issuer to Midco2 for the amount of the aggregate principal amount of the Notes issued on the Issue Date, pursuant to the Midco2 Intercompany Loan Agreement.

"Midco2 Intercompany Loan Agreement" means that certain loan agreement, dated as of the Issue Date, by and between the Issuer, as lender, and Midco2, as borrower (as amended, novated, supplemented, extended, restated or replaced).

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Issuer or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"*Non-Securitization Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income attributable to cash deposits) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period (other than any consolidated interest expense attributable to any Qualified Securitization Financing), whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings (and, for the avoidance of doubt, excluding any of the foregoing with respect to any Qualified Securitization Financing); *plus*

(2) the consolidated interest expense (but excluding such interest on Deeply Subordinated Shareholder Indebtedness) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period (other than any consolidated interest expense attributable to any Qualified Securitization Financing); *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries (other than any interest on Indebtedness attributable to any Qualified Securitization Financing); *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness (other than any interest attributable to any Qualified Securitization Financing); *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends payable to such Person or a Restricted Subsidiary or such Person.

Notwithstanding the foregoing, any fees and expenses with respect to the repayment, repurchase, prepayment or redemption of Indebtedness will not be deemed Non-Securitization Fixed Charges.

"*Notes*" means the %/ % Senior PIK Toggle Notes due 2021, issued by the Issuer pursuant to the terms and conditions of this Offering Memorandum.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) incurred by any Parent Holdco in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent Holdco in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent Holdco in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent Holdco related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent Holdco;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent Holdco or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Deeply Subordinated Shareholder Funding of the Issuer in an amount not to exceed £2.0 million in any fiscal year; and

(7) expenses incurred by any Parent Holdco in connection with any Public Equity Offering or other sale of Capital Stock or Indebtedness:

    (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

    (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Holdco shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Pari Passu Indebtedness*" means any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes.

"*Permitted Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date, (2) any businesses, services and activities engaged in by the Issuer or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof and (3) any other type of financial service or activity.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure the Notes (including any Additional Notes permitted under the Indenture) and any Permitted Refinancing Indebtedness in respect thereof;

(2) Liens on the Collateral to secure Pari Passu Indebtedness of the Issuer that is permitted to be incurred by the first paragraph of the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(3) Liens on the Collateral to secure Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to the preceding clauses (1), clause (2) or this clause (3);

(4) Liens on the Collateral to secure the Issuer's Hedging Obligations permitted to be incurred by clause (8) of the second paragraph of the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" to the extent such Hedging Obligations relate solely to Indebtedness referred to in clauses (1), (2) or (3) above; and

(5) Liens on the Collateral described in one or more of clauses (7) and (28) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral;

provided that such Lien must rank *pari passu* with, or junior to, the Liens on the Collateral securing the Obligations under the Notes, and (ii) any Lien on any assets or other security pledged or assigned by the Issuer or any of its Restricted Subsidiaries to secure, directly or indirectly, any such Indebtedness shall be pledged or assigned to secure the obligations under the Notes on an equal and ratable or senior basis.

"*Permitted Holders*" means, collectively (1) Henry Moser and (2) Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Issuer or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that did not violate the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or any Parent Holdco of the Issuer or Deeply Subordinated Shareholder Indebtedness;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(7) any Investment in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Financing or any related Indebtedness;

(8) Investments in receivables or other assets owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(9) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(10) Investments in the Notes and any other Indebtedness of the Issuer or any Restricted Subsidiary;

(11) any guarantee of Indebtedness permitted to be incurred by the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant entitled "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) Management Advances;

(15) other Investments in any Person (other than, prior to the date on which a Public Equity Offering has been completed that results in a Public Market of the Capital Stock of the Issuer or a Parent Holdco of the Issuer, Indirect Restricted Payments) having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding

not to exceed the greater of £40.0 million and 2.3% of Total Assets of the Company; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause; and

(16) any transaction constituting an Investment that is permitted by, and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates" (except those described in clauses (3), (6), (7), (9), (10), (11), (14) and (15) of such paragraph).

"*Permitted Liens*" means:

(1) Liens on (a) the assets of the Company or any Restricted Subsidiary of the Company and (b) Capital Stock of the Company, in each case securing Indebtedness of the Company or any Restricted Subsidiary of the Company and any related guarantees of such Indebtedness; and Liens on the assets of the Company or any Restricted Subsidiary of the Company in favor of the Issuer or any Restricted Subsidiary of the Issuer;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers' compensation obligations, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's, mechanics' and solicitors' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or any future guarantee of the Notes);

(11) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (30) of this definition) permitted to be incurred under the Indenture; *provided*, *however*, that:

  (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to such property or proceeds or distributions thereof); and

  (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable laws) in connection with operating leases in the ordinary course of business;

(14) bankers Liens, rights of set-off or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) Liens on Securitization Assets and related assets incurred in connection with any Qualified Securitization Financing;

(20) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(21) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(23) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(24) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Issuer or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(25) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(26) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(27) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(28) Liens created on any asset of the Issuer or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Issuer or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(29) Liens on (a) escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the

incurrence of any Indebtedness or (c) government securities purchased with such cash, in either case of (b) or (c) only, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(30) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) and (6) and this clause (30); *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under the written arrangements under which the original Lien arose could secure) the relevant Indebtedness; and

(31) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary securing Indebtedness of the Issuer and its Restricted Subsidiaries that does not exceed the greater of £10.0 million and 0.6% of Total Assets of the Company at any one time outstanding.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, redeem, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, redeemed, replaced, exchanged, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, redeemed, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, redeemed, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, redeemed, replaced, defeased or discharged is contractually subordinated in right of payment to the Notes such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, redeemed, replaced, exchanged, defeased or discharged; and

(4) if the Issuer was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, redeemed, defeased or discharged, such Indebtedness is incurred by either the Issuer.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Public Equity Offering*" means, with respect to any Person, a public offering of the ordinary shares or common equity of such Person that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% or such other minimum percentage of public float required by the relevant stock exchange or listing authority of the total issued and outstanding ordinary shares or common equity of the Issuer (or a Parent Holdco of the Issuer) has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Issuer as of the Issue Date.

"*Qualified Securitization Financing*" means any financing pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any accounts receivable (and related assets and/or security) in any aggregate principal amount equivalent to the Fair Market Value of such accounts receivable (and related assets and/or security) of the Company or any of its Restricted Subsidiaries; *provided* that (1) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Company's Board of Directors or senior management) at the time such financing is entered into, (2) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Company's Board of Directors or senior management) at the time such financing is entered into and (3) such financing shall be non-recourse to the Company or any of its Restricted Subsidiaries (other than CABS, LABS or other transferees of such accounts receivable and related assets) except to a limited extent customary for such transactions.

"*Related Parties*" means:

(1) any majority owned Subsidiary or immediate family member (including spouses, children and other descendants) of any Permitted Holder; and

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which, respectively, consist of any one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (1).

"*Related Taxes*" means

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent Holdco), required to be paid (provided such Taxes are in fact paid) by any Parent Holdco by virtue of its:

   (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

   (b) issuing or holding Deeply Subordinated Shareholder Indebtedness;

   (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

   (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

   (e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Holdco pursuant to the covenant described under the caption "—Certain Covenants—Restricted Payments"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent Holdco, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer (or of the Company if the context otherwise requires) that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility made available to the Company under the Revolving Facility Agreement.

"*Revolving Facility Agreement*" means the £29,000,000 facility agreement, dated as of November 9, 2007 and as amended and restated from time to time, by and among the Company, as borrower, The Royal Bank of Scotland plc and HSBC Bank plc, as lenders, and The Royal Bank of Scotland plc, as arranger, agent and security agent, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*S&P*" means Standard & Poor's Global Ratings.

"*SEC*" means the United States Securities and Exchange Commission.

"*Securitization Assets*" means any accounts receivable, loan advances, royalty or revenue streams from sales of loans, receivables or other revenue streams in the ordinary course of business subject to a Qualified Securitization Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or any other Restricted Subsidiary in connection with any Qualified Securitization Financing.

"*Securitization Repurchase*" means the repurchase by a seller of Securitization Assets in a Qualified Securitization Financing arising as a result of a breach of or in order to comply with a representation, warranty or covenant or meet any eligibility criteria or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Security Agent*" means Deutsche Bank AG, London Branch, as security agent pursuant to the Security Documents, or any successor or replacement security agent acting in such capacity.

"*Security Documents*" means (1) the fixed charge over all of the issued Capital Stock of Midco2 dated on or around the Issue Date by and among, *inter alios*, the Issuer and the Security Agent, (2) the assignment of the any existing and future intercompany loans in respect of which the Issuer is the lender, including, among others, Midco2 Intercompany Loan dated on or around the Issue Date by and among, *inter alios*, the Issuer and the Security Agent and (3) any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"*Senior Secured Intercreditor Agreement*" means the intercreditor agreement, dated as of November 9, 2007 and as amended and restated from time to time and most recently on October 13, 2016, made between, among others the security agent for the Senior Secured Notes, the agent for the Revolving Credit Facility, the trustee for the Senior Secured Notes and the other parties named therein (as amended, novated, supplemented, extended, restated or replaced).

"*Senior Secured Notes*" means the £375.0 million aggregate principal amount of 6 ¼% Senior Secured Notes due 2021 issued by the Senior Secured Notes Issuer on October 13, 2016.

"*Senior Secured Notes Indenture*" means the indenture dated October 13, 2016 governing the Senior Secured Notes among, *inter alios*, the Senior Secured Notes Issuer and the guarantors, trustee and security agent named therein.

"*Senior Secured Notes Issuer*" means Jerrold FinCo plc.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Issuer or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Issuer.

"*Standstill Agreement*" means that certain standstill agreement, dated on or around the Issue Date, by and among Topco, the Trustee the Funds and the security trustee with respect to the Topco Deferred Note (as amended, novated, supplemented, extended, restated or replaced) relating to the enforcement of the Lien on certain assets of Topco, including the Capital Stock of the Issuer, securing the obligations of Topco under the Topco Deferred Note.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*sterling*" means British pounds sterling, the lawful currency of the United Kingdom.

"*Subordinated Topco Debt*" means (1) the Issuer Deferred Note and (2) the loan evidenced by that certain loan agreement, dated as of the Issue Date, made by Topco, as lender, to the Issuer, as borrower, for the amount £43 million in the form of assuming the liabilities of the Issuer with respect to certain shareholder loan notes (as amended, novated, supplemented, extended, restated or replaced).

"*Subordination Agreement*" means the agreement among the Issuer, Topco, the Security Agent and the Trustee on or about the Issue Date (as amended, novated, supplemented, extended, restated or replaced) to establish the relative rights of the holders of the Notes *vis-à-vis* the creditors of the Subordinated Topco Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

(3) any corporation, association, partnership, limited liability company or other business entity which is required pursuant to IFRS to be consolidated in the consolidated financial statements of such Person; and

(4) any subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 and any company which would be a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Tax Sharing Agreement*" means any tax sharing or profit or loss pooling or similar agreement with customary or arm's length terms entered into with any parent company or any Unrestricted Subsidiary.

"*Topco*" means Bracken Topco Limited, the direct parent company of the Issuer.

"*Topco Deferred Note*" means the deferred interest payment-in-kind note in an aggregate amount of £100.0 million to be issued by Topco on or about the Issue Date to the Funds in exchange for the Issuer Deferred Note.

"*Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with IFRS, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any of its Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of such Person for which internal financial statements are available.

"*U.K. Government Securities*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Unsecured Indebtedness*" means the principal amount of any Indebtedness other than Indebtedness that is (1) secured by a first-priority Lien on the assets of the Company and its Restricted Subsidiaries and (2) is not subordinated in right of payment with any other Indebtedness of the Company and its Restricted Subsidiaries. For the avoidance of doubt, Unsecured Indebtedness shall not include any Indebtedness in relation to any Qualified Securitization Financing.

"*Unrestricted Subsidiary*" means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries" and any Subsidiary of an Unrestricted Subsidiary; but only to the extent that such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

Book-Entry, Delivery and Form

General

The Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**"). The Regulation S Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to QIBs pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes,**" and together with the Regulation S Global Notes, the "**Global Notes**"). The 144A Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (the "**144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**," and, together with the 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of £100,000 and in integral multiples of £1 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests in order to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar under the Indenture nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and Clearstream, as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit the accounts of participants on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than £100,000 principal amount at maturity may be redeemed.

Payments on Global Notes

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and additional amounts) to the principal paying agent. The principal paying agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective customary procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the common depositary, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interest in such Notes (the "**Euroclear/Clearstream Holders**" and each a "**Euroclear/Clearstream Holder**") through Euroclear or Clearstream in pounds sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be affected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Rule 144A Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Subject to the foregoing, and as set forth in "*Notice to Investors,*" Book-Entry Interests may be transferred and exchanged as described under "*Description of Notes—Transfer and exchange.*" Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**"):

- if Euroclear and Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream following an event of default under the indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "Notice to Investors," unless that legend is not required by the applicable indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the initial purchasers, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

As Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Global Exchange Market and listed on the Official List of the Irish Stock Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where the accounts of both the purchaser and the seller are located to ensure that settlement can be made on the desired value date.

Notice to Investors

The Notes have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby or are being offered and sold only to QIBs in reliance on Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the initial purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:

  (i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

  (ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that neither the Issuer nor the initial purchasers, nor any person representing the Issuer or the initial purchasers, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the initial purchasers nor any person representing the initial purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges it has had access to such financial and other information concerning Jerrold Holdings, the Issuer, the Indenture, the Notes and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the initial purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available

exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(6) Each purchaser acknowledges that each Rule 144A note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

ORIGINAL ISSUE DISCOUNT. THE NOTES HAVE BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES ("OID"). THE ISSUE PRICE, THE AMOUNT OF OID, THE ISSUE DATE AND THE YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE PAYING AGENT.

(6) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(7) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(8) It acknowledges that the Registrar will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set out therein have been complied with.

(9) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or

the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "Plan of Distribution."

It acknowledges that the Issuer, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it will promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

Certain Tax Considerations

United Kingdom Tax Considerations

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("**HMRC**") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional advisor.

Interest on the Notes

Payment of Interest on the Notes

Interest on the Notes will be payable without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**ITA**"). The Irish Stock Exchange is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Irish Stock Exchange if they are included in the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes at the time the payment is made that (i) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (ii) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In all other cases, an amount must be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), subject to any direction to the contrary by HMRC under an applicable double taxation treaty.

In certain circumstances, the Issuer may choose to pay a proportion of interest on the Notes by issuing Notes in a principal amount equal to such interest. Such an issue of Notes in a principal amount equal to interest due on the Notes ("**PIK Notes**") is treated for UK income tax purposes as if it were the payment of interest equal to the market value of such PIK Notes at the time of their issue. Therefore, the discussion in the preceding paragraphs regarding the obligation to withhold or deduct UK income tax applies in the same way to interest treated as paid as a result of the issue of PIK Notes as it does to payments of cash interest.

The application of the income tax deduction rules are subject to certain modifications in the case of the PIK Notes. First, an issuer of PIK Notes subject to withholding must, unless it is impracticable to do so, retain the appropriate proportion of the PIK Notes from the holder, representing the income tax deductible. Second, the issuer may satisfy the obligation to pay the tax by either transferring the withheld PIK Notes to HMRC or by paying the tax in cash instead. It will rarely be considered impracticable for the issuer to retain the PIK Notes, but if it is, the issuer or paying agent will not be required to withhold the PIK Notes and account for income tax as described above, but will instead be required to provide certain specified information (including the names and addresses of the persons to whom the PIK Notes have been issued and the amount of PIK Notes issued to each person) which will enable HMRC to tax the relevant holders in respect of the interest treated as received by way of direct assessment.

Where an issuer issuing PIK Notes is required to retain the appropriate proportion of the PIK Notes on account of income tax the issuer must provide the recipient of such PIK Notes with a statement in writing showing the gross amount of interest paid in kind, the amount of tax deducted, the net amount paid and the date the interest is treated as paid.

The references to "interest" above mean "interest" as understood in UK tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

Holders of the Notes who are individuals may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further UK Tax Issues

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction.

However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (i) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (ii) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

UK Corporation Tax Payers

In general, holders of Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other UK Tax Payers

Taxation of Chargeable Gains

The Notes should constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a holder of a Note should not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains. For certain other possible UK tax consequences of a disposal of a Note by a holder of Notes, please see "—*Taxation of Discount*" below.

Accrued Income Profits

On a disposal of Notes by a holder of Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the ITA (the "accrued income scheme") if that holder of Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. The Notes may be regarded as "variable rate securities" for the purposes of the accrued income scheme such that the accrued income for tax purposes in respect of a transfer of the Notes would be computed on a just and reasonable basis. The purchaser of such a Note would not be entitled to any equivalent tax credit under the accrued income scheme to set against any actual interest received by the purchaser in respect of such Notes (which may therefore be taxable in full). Holders of Notes who are UK tax payers other than UK corporation tax payers are advised to consult their own professional advisors for further information about the accrued income scheme in general and the potentially adverse tax consequences of holding variable rate securities in particular..

Taxation of Discount

Dependent, among other things, on the discount (if any) at which the Notes are issued, the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, individual holders of Notes who are resident for tax purposes in the UK or who carry on a trade, profession or vocation in the UK through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the Notes. Holders of Notes are advised to consult their own professional advisors if they require any advice or further information relating to "deeply discounted securities."

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, Notes.

Certain U.S. Federal Income Tax Considerations

The following discussion is a general summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. This discussion is generally limited to U.S. holders (as defined below) who purchase the Notes in this offering at their "issue price" (generally the first price at which a substantial amount of the Notes is sold for money to investors (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and hold the Notes as capital assets. It does not address the special situations that may apply to particular holders including, but not limited to, tax-exempt entities, holders subject to the U.S. federal alternative minimum tax or the Medicare tax on net investment income, U.S. expatriates, dealers in securities, traders in securities who elect to apply a mark-to-market method of accounting, certain financial institutions, insurance companies, regulated investment companies, entities treated as partnerships for U.S. federal income tax purposes, persons whose "functional currency" is not the U.S. dollar and persons who hold the Notes in connection with a "straddle," "hedging," "conversion" or other risk reduction or integrated transaction. This discussion does not address the tax considerations relevant to U.S. holders of the Notes under any state, local or foreign tax laws or any other tax laws other than the U.S. federal income tax laws.

The discussion below is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations promulgated thereunder ("**Regulations**"), court decisions, revenue rulings and administrative pronouncements of the Internal Revenue Service (the "**IRS**") currently in force, all as of the date of the offering, and all of which are subject to change or changes in interpretation. Prospective investors should particularly note that any such change or changes in interpretation could have retroactive effect so as to result in U.S. federal income tax consequences significantly different from those discussed below.

As used herein, the term "U.S. holder" means a beneficial owner of Notes that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons control all the substantial decisions of the trust or (ii) a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Notes that is a partnership for U.S. federal income tax purposes and partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of holding and disposing of the Notes.

Prospective investors are urged to consult their own tax advisors with respect to the particular tax consequences to them of the purchase, ownership and disposition of the Notes, including the tax consequences under any state, local, foreign and other tax laws.

Characterization of the Notes

Although the matter is not free from doubt, the Issuer believes and intends to take the position that U.S. holders are entitled to account for the Notes using a payment schedule in which all interest payments on the Notes are initially assumed to be paid in cash in accordance with Section 1.1272-1(c) of the Regulations and that, accordingly, the Notes are not subject to the Regulations applicable to "contingent payment debt instruments." This position is based in part on the Issuer's assessment as of the Issue Date that it is significantly more likely than not that interest on the Notes will be paid in cash on each interest payment date. The Issuer's assessment of the likelihood of interest being paid in cash is made solely for U.S. federal income tax purposes and does not constitute a representation by the Issuer regarding the likelihood that interest on the Notes will be paid in cash in any particular period.

The Issuer's determination that the Notes are not contingent payment debt instruments is binding on a U.S. holder, unless the U.S. holder explicitly discloses to the IRS on its tax return for the year during which such U.S. holder acquires the Notes that it is taking a different position. However, the Issuer's position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. holder may be required to accrue interest income on its Notes based upon a comparable yield (which income may exceed stated interest and OID (discussed below) otherwise recognized with respect to such Notes), regardless of its method of accounting. The "comparable yield" is the yield at which the Issuer would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Notes. In addition, any gain on the sale, exchange or other taxable disposition (including retirement or redemption) of the Notes generally would be recharacterized as ordinary income (rather than capital gain). Each U.S. holder should consult its own tax advisor regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest and Original Issue Discount

Because interest on the Notes is payable in cash or if certain conditions are met, at the option of the Issuer, in PIK Interest, none of the stated interest on the Notes will be qualified stated interest for U.S. federal income tax purposes. Consequently, all of the stated interest on the Notes will be treated as original issue discount ("**OID**") for U.S. federal income tax purposes. There will be additional OID to the extent the issue price (as defined above) of the Notes is less than their stated principal amount.

A U.S. holder must include OID in income as ordinary income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such OID, regardless of such U.S. holder's regular method of tax accounting. In general, the amount of OID included in income in each taxable year by a U.S. holder of a Note is the sum of the daily portions of OID with respect to such Note for each day during such taxable year (or portion of such taxable year) on which the U.S. holder held the Note. The daily portion of OID on any Note is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. An accrual period may be of any length and the accrual periods may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day or final day of an accrual period. The amount of OID allocable to each accrual period is generally equal to the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period). The adjusted issue price of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID allocable to all prior accrual periods, less any cash payments made on such Note on or before the first day of the accrual period.

As discussed above under "—Characterization of the Notes," for purposes of calculating the yield to maturity on the Notes, the Issuer will initially be assumed to pay all of the interest on the Notes as Cash Interest. This assumption is made solely for U.S. federal income tax purposes and does not constitute a representation by the Issuer regarding the likelihood that interest on the Notes will be paid in Cash Interest or PIK Interest.

Since the Issuer is initially assumed to pay all interest on the Notes as Cash Interest, if the Issuer instead pays PIK Interest on the Notes for any interest period, the OID accrual for future periods will be adjusted by treating the Notes as if they had been retired and then reissued for an amount equal to their adjusted issue price on the date of such payment of PIK Interest, and recalculating the yield to maturity of the reissued Notes by treating the amount of such PIK Interest (and of any prior PIK Interest) as a payment that will be made on the maturity date on such notes. Such deemed reissued Notes may be subject to the contingent payment debt instrument rules. If the Issuer in fact pays Cash Interest consistent with the Issuer's initial assumption, a U.S. holder will not be required to adjust its OID inclusions.

The issuance of Additional Notes (including for this purpose an increase in the principal amount of the Notes) generally is not treated as a payment of interest for U.S. federal income tax purposes. Instead, the Notes and any PIK Interest issued in respect of interest thereon would be treated as a single debt instrument under the OID rules.

The rules regarding OID, and their application to PIK instruments, are complex and the rules described above may not apply in all cases. Accordingly, you should consult your own tax advisors regarding their application.

A U.S. holder will accrue OID on the Notes in pounds sterling and translate that amount into U.S. dollars at the average spot rate of exchange in effect during the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. holder's taxable year). Alternatively, a U.S. holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued OID income at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period), or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder will not be required to include separately in income cash payments on a Note that are attributable to previously accrued OID, but such U.S. holder may be required to recognize exchange gain or loss, as described below.

Upon receipt of a payment attributable to OID, the U.S. holder generally will recognize foreign currency exchange gain in an amount equal to the difference between the U.S. dollar value of the payment received (determined on the basis of the spot rate on the date the payment is received) and the U.S. dollar value of the accrued OID (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at that time. This exchange gain or loss generally will be treated as U.S.-source ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. For this purpose, all payments on a Note generally will be viewed first as the payment of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first, and thereafter as the payment of principal.

Except with respect to foreign currency exchange gain or loss (as discussed above), OID accrued on a Note (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) generally will constitute foreign-source income. For purposes of computing allowable foreign tax credits for U.S. federal income tax purposes, interest generally will be treated as "passive category" income, or, in the case of certain U.S. holders, "general category" income. The rules relating to foreign tax credits are complex and U.S. holders should consult their own tax advisors regarding the availability of a foreign tax credit (or deduction in lieu of such credits) and the application of the foreign tax credit limitations to their particular situation.

Disposition of the Notes

Upon the sale, exchange or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized and the U.S. holder's adjusted tax basis in the Note. The amount realized generally will equal the amount of any cash plus the fair market value of any property received in exchange for the Notes, translated into U.S. dollars at the spot rate of exchange on the date of disposition. If the Notes are traded on an established securities market, a cash method taxpayer and an electing accrual method taxpayer will determine the U.S. dollar value of the amount realized by translating that amount at the spot rate of exchange on the settlement date of the sale or other taxable disposition. An accrual method taxpayer that does not make the election will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the holder increased by the amount of OID accrued on the Note and decreased by any payments previously received on the Note (including payments of Cash Interest, but excluding payments of interest made by issuing Additional Notes). Although the matter is not free from doubt, if the Issuer pays interest by issuing Additional Notes rather than by paying cash, a U.S. holder's adjusted tax basis in its Note should likely be allocated between its Note and such Additional Notes in proportion to their relative principal amounts. A U.S. holder's holding period in any such Additional Notes should also likely be identical to its holding period for the Note with respect to which the Additional Notes were received. The cost of a Note purchased with pounds sterling will be the U.S. dollar value of the pounds sterling purchase price on the date of purchase, calculated at the exchange rate in effect on that date. In the case of a Note that is traded on an established securities market, a cash basis U.S. holder, and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

Gain or loss realized by a U.S. holder upon the sale, exchange or other taxable disposition of a Note that is attributable to fluctuations in foreign currency exchange rates generally will be U.S.-source ordinary income or loss which will not be treated as interest income or expense. Such gain or loss generally will equal to the difference between the U.S. dollar value of the U.S. holder's purchase price of the Notes in pounds sterling determined on the date of the sale, exchange or other taxable disposition, and the U.S. dollar value of the U.S. holder's purchase price of the Note in pounds sterling determined on the date the U.S. holder acquired the Note (or, in each case, on the settlement date, if the Notes are traded on an established securities market and the holder is either a cash basis U.S. holder or an electing accrual basis U.S. holder). In addition, upon the sale, exchange or other taxable disposition of a Note, a U.S. holder may realize foreign currency exchange gain or loss attributable to amounts received in respect of accrued OID. Any such foreign currency exchange gain or loss with respect to accrued OID will be determined as discussed above under "—Interest and Original Issue Discount." The amount of foreign exchange gain or loss upon a sale, exchange or other taxable disposition will be recognized by a U.S. holder only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange or other taxable disposition of the Note.

The election available to accrual method U.S. holders in regard to the purchase and sale of Notes traded on an established securities market, which is discussed under this heading "*—Disposition of the Notes*." must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS.

Any gain or loss recognized by a U.S. holder on the sale, exchange or other taxable disposition of a Note that is not attributable to foreign currency exchange gain or loss generally will be U.S.-source capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year at the time of the sale, exchange or other taxable disposition. In the case of an individual U.S. holder and certain other non-corporate U.S. holders, any such long-term gain is currently subject to preferential U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations.

Receipt of Pounds Sterling

A U.S. holder of a Note will receive pounds sterling in payment in respect of accrued OID or principal. The tax basis of any pounds sterling received by a U.S. holder generally will equal the U.S. dollar equivalent of such pounds sterling at the spot rate of exchange on the date the pounds sterling are received. Upon any subsequent exchange of pounds sterling for U.S. dollars, a U.S. holder generally will recognize foreign currency exchange gain or loss equal to the difference between the amount of U.S. dollars received and the U.S. holder's tax basis in the pounds sterling. Upon any subsequent exchange of pounds sterling for property (including non-U.S. currency), a U.S. holder generally will recognize exchange gain or loss equal to the difference between the U.S. dollar value of the pounds sterling exchanged for such property based on the U.S. dollar spot rate of exchange for such pounds sterling on the date of the exchange and the U.S. holder's tax basis in the pounds sterling so exchanged. Any such exchange gain or loss generally will be treated as U.S.-source ordinary income or loss.

Reportable Transactions

A U.S. holder that recognizes exchange loss with respect to the Notes would be required to report the loss on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the loss exceeds the thresholds set forth in the Regulations. For individuals and trusts, this loss threshold is U.S. $50,000 in any single year. For other types of taxpayers and other types of losses, the thresholds are higher. Prospective investors are urged to consult their own tax advisors regarding the application of these rules to the acquisition, holding or disposition of the Notes.

U.S. Information Reporting and Backup Withholding

Payments of interest (and accrued OID) and proceeds paid from the sale or other disposition of the Notes may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. holders who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

Foreign Financial Asset Reporting

Certain U.S. holders are required to report information to the IRS with respect to their ownership of "specified foreign financial assets," which may include the Notes, unless certain requirements are met. Investors who fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of these rules on their investment in Notes.

FATCA Withholding

Pursuant to Sections 1471 to 1474 of the Code and Regulations thereunder (provisions commonly referred to as "**FATCA**"), a "foreign financial institution" may be required to withhold U.S. tax on certain pass-thru payments made on or after January 1, 2019 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign pass-through payments" are filed generally will be "grandfathered" and exempt from withholding unless the obligations are materially modified after that date. Accordingly, if the Issuer is treated as a "foreign financial institution," FATCA would apply to payments on the Notes only if there was a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Many non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described above. Holders should therefore consult their own tax advisors on how these rules may apply to their investment in the Notes.

Plan of Distribution

The initial purchasers are Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Barclays Bank PLC, HSBC Bank plc, Lloyds Bank plc, Natixis and The Royal Bank of Scotland plc. The Issuer has agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from the Issuer, pursuant to a purchase agreement between the Issuer and the initial purchasers (the "**Purchase Agreement**"), the principal amount of the Notes as set forth below:

Initial Purchaser	Principal Amount of Notes
Credit Suisse Securities (Europe) Limited	£
J.P. Morgan Securities plc	£
Barclays Bank PLC	£
HSBC Bank plc	£
Lloyds Bank plc	£
Natixis	£
The Royal Bank of Scotland plc	£
Total	**£220,000,000**

The obligations of the initial purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint.

The initial purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. The initial purchasers may change the prices at which the Notes are offered and any other selling terms at any time without notice. The initial purchasers may offer and sell Notes through certain of their affiliates, who are qualified broker dealers under applicable law, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and the Issuer's counsel.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 60 days after the date the Notes are issued, to not, and to cause the Issuer's subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued by the Issuer or any of the Issuer's subsidiaries.

The Notes have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Notice to Investors*."

Each initial purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the initial purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*."

The Issuer has also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. The Issuer will apply, through its listing agent, to list the Notes on the Official List of the Irish Stock Exchange and trade the Notes on the Global Exchange Market thereof.

The initial purchasers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the initial purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act.

Accordingly, the Issuer cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to the Notes—An active trading market may not develop for the Notes*."

The Issuer expects that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + "). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial purpose lending, transaction and clearing services, consulting and financial advisory services to the Issuer and its affiliates in the ordinary course of business for which they may receive customary advisory and transaction fees and expense reimbursement. In connection with the offer, the initial purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections attached to their clients, nor for providing advice in relation to the offering. Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Barclays Bank PLC, The Royal Bank of Scotland plc and Natixis acted as initial purchasers for the Senior Secured Notes, and Credit Suisse Securities (Europe) Limited and J.P. Morgan Securities plc acted as dealer managers for the Tender Offer. In addition, certain of the initial purchasers are lenders under the Revolving Credit Facility and note purchasers under the Amended and Restated Funding Note Issuance Facility Agreement. In addition, Equistone was formerly affiliated with the Barclays group, but operated independently of the Barclays investment bank division. Due to such pre-existing relationship, it cannot be excluded that Barclays Bank PLC and its affiliates may have an interest (directly or indirectly) in Equistone.

Legal Matters

Certain legal matters in connection with the offering will be passed upon for the Issuer by Shearman & Sterling (London) LLP, as to matters of U.S. federal, New York State and English law. Certain legal matters in connection with the offering will be passed upon for the initial purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal, New York State and English law.

Independent Auditor

The consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2014 and 2015, prepared in accordance with UK GAAP, included in this offering memorandum and the consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2015 and 2016, prepared in accordance with IFRS, included in this offering memorandum have been audited by Deloitte LLP, independent auditor, as stated in their reports appearing herein. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditor's reports state that: they were made solely to the members of Jerrold Holding as a body in accordance with Chapter 3 of Part 16 of the Companies Act of 2006; the independent auditor's work was undertaken so that the independent auditor might state to the members of Jerrold Holdings those matters that were required to be stated to them in an auditor's report and for no other purpose; and, to the fullest extent permitted by law, the independent auditor does not accept or assume responsibility to anyone other than Jerrold Holdings and its members as a body for its audit work or the opinions it has formed. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2014, 2015 and 2016 were unqualified. Deloitte LLP was the auditor of Jerrold Holdings for these accounting periods. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2014, 2015 and 2016 are included on pages F-62, F-38, and F-3, respectively, of this offering memorandum.

Investors in the Notes should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (such as the purchasers of the Notes) other than to Jerrold Holdings and its members as a body with respect to the report and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

Where You Can Find More Information

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum acknowledges that (i) such person has been afforded an opportunity to request from the Issuer, and has received, all additional information considered to be necessary to verify the accuracy and completeness of the information herein; (ii) such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and (iii) except as provided in clause (i), no person has been authorized to give any information or to make any representation concerning the Notes other than those contained herein, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer or the initial purchasers.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Issuer is neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3 2(b) under the U.S. Exchange Act, it will, upon the request of any such person, furnish to any holder or beneficial owner of Notes, or to any prospective purchaser designated by any such registered holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to: Company Secretary, Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

Pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See "*Description of Notes—Certain Covenants—Reports*." For so long as the Notes are listed on the Irish Stock Exchange for trading on the Global Exchange Market thereof and the rules of that exchange so require, copies of such information, the organizational documents of the Issuer, the most recent audited consolidated financial statements of Jerrold Holdings, the Indenture, the Subordination Deed, the Standstill Agreement and the Security Documents (as defined herein) will be available for review (during normal business hours) on any business day at the specified office of the principal paying agent. See "*Listing and General Information*."

Service of Process and Enforcement of Civil Liabilities

The Issuer is a public limited company incorporated under the laws of England and Wales. All the directors and executive officers of the Issuer live outside the United States. All the assets of the directors and executive officers of the Issuer are located outside the United States. As a result, it may not be possible for you to serve process on such persons or the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the securities laws of the United States.

The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters.

Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is stated below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy;
- the U.S. judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;
- judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;
- there not having been a prior inconsistent decision of an English court between the same parties; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Nevertheless, there can be no assurance that those judgments will be recognized or enforceable in England. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

Listing and General Information

Listing

Application will be made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof. It is expected that such admission will become effective on or about the Issue Date.

For the life of the listing particulars, copies of the following documents may be inspected and obtained at the registered office of the paying agent in London during normal business hours on any business day:

- the articles of association of the Issuer;
- the audited consolidated financial statements of Jerrold Holdings for the preceding two years;
- the Indenture governing the Notes;
- the Subordination Deed;
- the Standstill Agreement; and
- the Security Documents.

The issuance of the Notes was authorized by the Board of Directors of the Issuer on October 5, 2016. The total expenses related to the admission of the Notes to trading on the Global Exchange Market are expected to be less than €10,000.

Except as disclosed in this offering memorandum, the Issuer has not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that are material and may have or have had during the 12 months preceding the date of this offering memorandum, a significant effect on the Issuer's financial condition nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.

As of the date of this offering memorandum, the most recent audited consolidated financial statements available for Jerrold Holdings were as of and for the year ended June 30, 2016. Except as disclosed in this offering memorandum, there has been no material adverse change in the Issuer's prospects since June 30, 2016.

Except as disclosed in this offering memorandum, there are no material potential conflicts of interest between any member of the Board of Directors of the Issuer and the Issuer or his duties to the Issuer.

The Trustee is Deutsche Trustee Company Limited, and its address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common Code
Rule 144A Global Notes		
Regulation S Global Notes		

Index to Financial Statements

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit and loss for that year. In preparing each of the Group and parent Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the financial statements of Jerrold Holdings Limited for the year ended 30 June 2016 and 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and 30 June 2015 and of its profit for the years then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Birch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

14 September 2016

JERROLD HOLDINGS LIMITED

Consolidated statement of comprehensive income
Year ended 30 June 2016

Income statement

	Note	2016 £'000	2015 £'000
Interest receivable and similar income	4	210,837	164,401
Interest payable and similar charges	5	(67,547)	(52,289)
NET INTEREST INCOME		143,290	112,112
Fee and commission income	6	4,219	4,048
Fee and commission expense	7	(1,680)	(1,378)
Other income	8	138	552
Other losses	9	—	(504)
OPERATING INCOME		145,967	114,830
Administrative expenses	10, 11	(41,872)	(32,689)
OPERATING PROFIT		104,095	82,141
Impairment losses	19	(13,766)	(7,499)
PROFIT BEFORE NEGATIVE GOODWILL		90,329	74,642
Negative goodwill		—	122
PROFIT BEFORE TAXATION		90,329	74,764
Income tax	14	(18,561)	(16,017)
PROFIT AFTER TAXATION		71,768	58,747

Comparative information has been restated for the change in accounting standards described in note 2 and note 32.

The results for the current and preceding periods relate entirely to continuing operations.

There is no other comprehensive income in either period.

JERROLD HOLDINGS LIMITED

Consolidated statement of financial position
As at 30 June 2016

	Note	2016 £'000	2015 £'000	2014 £'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	4,529	4,205	4,378
Intangible assets	15	3,229	1,025	7
Investment property	16	45	45	179
Investments	17	123	123	123
Deferred tax asset	22	6,109	3,515	4,549
		14,035	8,913	9,236
CURRENT ASSETS				
Inventories	18	840	840	1,381
Loans and advances to customers	19	1,800,673	1,423,523	1,053,549
Trade and other receivables	20	2,312	2,357	2,205
Cash and cash equivalents		546	2,772	6,849
		1,804,371	1,429,492	1,063,984
TOTAL ASSETS		1,818,406	1,438,405	1,073,220
CURRENT LIABILITIES				
Trade and other payables	21	(31,806)	(30,987)	(24,981)
Current tax liabilities		(12,277)	(7,866)	(5,412)
Borrowings	23	(195)	(158)	(121)
		(44,278)	(39,011)	(30,514)
NET CURRENT ASSETS		1,760,093	1,390,481	1,033,470
NON-CURRENT LIABILITIES				
Borrowings	23	(1,259,201)	(957,405)	(659,212)
TOTAL LIABILITIES		(1,303,479)	(996,416)	(689,726)
NET ASSETS		514,927	441,989	383,494
EQUITY				
Share capital	24	9,779	9,779	9,778
Share premium account		17,527	17,527	17,527
Merger reserve		(9,645)	(9,645)	(9,645)
Capital redemption reserve		2,470	1,300	1,300
Revaluation reserve		—	—	21
Retained earnings		494,796	423,028	364,260
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		514,927	441,989	383,241
NON-CONTROLLING INTERESTS		—	—	253
TOTAL EQUITY		514,927	441,989	383,494

These financial statements were approved by the Board of Directors on 14 September 2016.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director

GD Beckett
Director

JERROLD HOLDINGS LIMITED

Company statement of financial position
As at 30 June 2016

	Note	2016 £'000	2015 £'000	2014 £'000
NON-CURRENT ASSETS				
Investments	17	11,474	10,304	10,051
CURRENT ASSETS				
Trade and other receivables	20	483,221	450,575	367,923
Cash and cash equivalents		2,140	4,687	9,806
		485,361	455,262	377,729
TOTAL ASSETS		496,835	465,566	387,780
CURRENT LIABILITIES				
Trade and other payables	21	(317,098)	(318,279)	(207,592)
NET CURRENT ASSETS		168,263	136,983	170,137
NON-CURRENT LIABILITIES				
Borrowings	23	(88,715)	(60,000)	(93,025)
TOTAL LIABILITIES		(405,813)	(378,279)	(300,617)
NET ASSETS		91,022	87,287	87,163
EQUITY				
Share capital	24	9,779	9,779	9,778
Share premium account		17,527	17,527	17,527
Capital redemption reserve		2,470	1,300	1,300
Retained earnings		61,246	58,681	58,558
TOTAL EQUITY		91,022	87,287	87,163

These financial statements were approved by the Board of Directors on 14 September 2016.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser Director	Gary Beckett Director

JERROLD HOLDINGS LIMITED

Consolidated statement of changes in equity

2016

	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2015	9,779	17,527	(9,645)	1,300	—	423,028	441,989
Retained profit for the financial year	—	—	—	—	—	71,768	71,768
Share based payments	—	—	—	1,170	—	—	1,170
As at 30 June 2016	9,779	17,527	(9,645)	2,470	—	494,796	514,927

2015

	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2014	9,778	17,527	(9,645)	1,300	21	364,260	383,241
Transfer to retained earnings	—	—	—	—	(21)	21	—
Issue of share capital	1	—	—	—	—	—	1
Retained profit for the financial year	—	—	—	—	—	58,747	58,747
As at 30 June 2015	9,779	17,527	(9,645)	1,300	—	423,028	441,989

Non-controlling interests of £253,000 at the end of 2014 were reduced to £nil in 2015 by a change in those interests. There are no non-controlling interests in the Group's equity as of 30 June 2016.

JERROLD HOLDINGS LIMITED

Company statement of changes in equity

2016

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2015	9,779	17,527	1,300	58,681	87,287
Retained profit for the financial year	—	—	—	2,565	2,565
Share based payments	—	—	1,170	—	1,170
As at 30 June 2016	9,779	17,527	2,470	61,246	91,022

2015

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2014	9,778	17,527	1,300	58,559	87,164
Retained profit for the financial year	—	—	—	122	122
Issue of share capital	1	—	—	—	1
As at 30 June 2015	9,779	17,527	1,300	58,681	87,287

JERROLD HOLDINGS LIMITED

Consolidated statement of cash flows
Year ended 30 June 2016

	Note	2016 £'000	2015 £'000
CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash outflow from operations	26	(215,840)	(238,485)
Taxation		(16,742)	(12,530)
Servicing of finance		(69,990)	(49,434)
Net cash outflow from operating activities		(302,572)	(300,449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,363)	(825)
Purchase of intangible assets		(2,627)	(1,086)
Purchase of non-controlling interests		—	(131)
Proceeds on disposal of investment properties		—	171
Proceeds on disposal of property, plant and equipment		69	96
Net cash outflow from investing activities		(3,921)	(1,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of syndicated loan		—	(35,000)
Drawdown of facilities		304,163	333,032
Capital element of finance lease payments		104	114
Proceeds of issue of shares		—	1
Net cash inflow from financing activities		304,267	298,147
Net decrease in cash and cash equivalents		(2,226)	(4,077)
Cash and cash equivalents at beginning of year		2,772	6,849
CASH AND CASH EQUIVALENTS AT END OF YEAR		546	2,772

JERROLD HOLDINGS LIMITED

Company statement of cash flows
Year ended 30 June 2016

	Note	2016 £'000	2015 £'000
CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash inflow from operations	26	6,414	62,315
Servicing of finance		(40,526)	(32,304)
Net cash (outflow)/inflow from operating activities		(34,112)	30,011
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		—	(131)
Dividends received		2,565	—
Net cash inflow/(outflow) from investing activities		2,565	(131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of syndicated loan		—	(35,000)
Drawdown of syndicated loan		29,000	—
Proceeds of issue of shares		—	1
Net cash inflow/(outflow) from financing activities		29,000	(34,999)
Net decrease in cash and cash equivalents		(2,547)	(5,119)
Cash and cash equivalents at beginning of year		4,687	9,806
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,140	4,687

Notes to the financial statements

1. REPORTING ENTITY/GENERAL INFORMATION

Jerrold Holdings Limited (the Company) is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Jerrold Holdings Limited and its subsidiaries (the Group). The comparative figures for the year ended 30 June 2015 reported under IFRS are non-statutory figures; the UK GAAP statutory figures have been submitted to the Registrar of Companies with an unqualified audit opinion. The Group is primarily involved in financial services.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period and the preceding period.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). No individual income statement or related notes are presented for the Company as permitted by Section 408 (4) of the Companies Act 2006.

The date of transition to IFRS and the date of the opening IFRS statement of financial position was 1 July 2014. All financial information since this date for both the Group and the Company has been restated from UK GAAP to IFRS. Reconciliations between previously reported UK GAAP results and IFRS are presented in note 32.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the individual accounting policies.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted:

There are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (IASB) but which have not yet been endorsed by the EU. The most significant of these are IFRS 9 *Financial Instruments*, the planned replacement for IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 16 *Leases*, the planned replacement for IAS 17 *Leases*.

IFRS 9 introduces new requirements for the classification and measurement of financial assets, hedge accounting and the impairment of financial assets. Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristic of their contractual cash flows. In addition, IFRS 9 is replacing the incurred loss approach to impairment of IAS 39 with one based on expected losses, and is replacing the rules-based hedging requirements of IAS 39 with new requirements that align hedge accounting more closely with risk management activities. The Group has not yet estimated the financial effects of the new standard, although it is expected to have a significant impact on results.

IFRS 16 provides a single lease accounting model, recognising most leases on the statement of financial position. This may also introduce a degree of volatility to assets and liabilities for lessees due to the requirements to reassess certain key estimates and judgements at each reporting date. The standard replaces the dual lease accounting model approach of IAS 17 which treats finance leases and operating leases separately. It has not yet been possible to estimate the financial impact of adoption of the standard but it is unlikely to be material to the Group's results.

IFRS 9, including the final version of the requirements in respect of impairment, was issued in July 2014. The IASB has decided to apply IFRS 9 for annual periods beginning on or after 1 January 2018. The IASB issued IFRS 16 in January 2016 with an effective date of 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted: (continued)

Both IFRS 9 and IFRS 16 are required to be applied retrospectively, but prior periods need not be restated. IFRS 9 and IFRS 16, including their commencement dates, will be subject to endorsement by the EU.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by IFRS the goodwill previously written off has not been reinstated in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Merger accounting has continued to be used on transition to IFRS for the consolidation of the following subsidiaries:

Blemain Finance Limited
Briar Hill Court Limited
Cheshire Mortgage Corporation Limited
FactFocus Limited
Harpmanor Limited
Jerrold Mortgage Corporation Limited
Lancashire Mortgage Corporation Limited
Monarch Recoveries Limited
Supashow Limited

Under this method any goodwill arising on consolidation is treated as a reduction in reserves.

On disposal or closure of a previously acquired business, the attributable amount of goodwill, including that previously written off to reserves, is included in determining the profit or loss on disposal.

Operating segments

The Group's only listed financial instruments are issued by a subsidiary, Jerrold Finco PLC, rather than the parent Company, Jerrold Holdings Limited. The Group is therefore outside the scope of IFRS 8, *Operating Segments*, and accordingly does not disclose segment information in these financial statements.

Investment properties

A valuation of investment properties is made annually as at the reporting date by the directors, at fair value based on valuations conducted by external chartered surveyors. Changes in the fair value of investment properties are included in profit and loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the income statement in the year in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	5 years straight-line on cost
Computer equipment	3-5 years straight-line on cost

All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each balance sheet date. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is less than the recoverable amount, an impairment charge is recognised in the income statement.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within operating expenses in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets consist wholly of expenditure relating to computer software incurred in respect of individual projects and are capitalised only if all of the following conditions are met:

- an intangible asset is created that can be separately identified;
- it is probable that the intangible asset created will generate future economic benefits; and
- the development cost of the intangible asset can be measured reliably.

This type of expenditure primarily relates to internally developed software and is amortised on a straight-line basis over the life of the asset.

Where the above conditions for capitalisation are not met, development expenditure is recognised as an expense in the period in which it is incurred.

Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Inventories

Inventories consist of stock properties and are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Leases

The Group as lessee

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Finance lease transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term and the related assets not recognised on the statement of financial position.

The Group as lessor

Rentals received under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Pension benefits

During the period the Group operated a defined contribution scheme and made contributions to employees' personal pension schemes.

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year to personal pension schemes. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial assets & liabilities

Financial assets

All the Group's financial assets are categorised as loans and receivables. Loans and receivables are predominantly mortgage loans and advances to customers with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell in the near term. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

All the Group's financial liabilities are designated as financial liabilities at amortised cost and largely consist of borrowings. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the income statement over the term of the instruments using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

Impairment of financial assets

The Group regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses incurred if, and only if, there is objective evidence of impairment as a result of one of more loss events that occurred after the initial recognition of the assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

been incurred, discounted at the original effective interest rate. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognised in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Future cash flows in a Group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, the Group uses its experienced judgement to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Securitisation

Where the Group securitises its own financial assets, this is achieved via the sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors.

SPEs used to raise funds through securitisation transactions are consolidated into the Group's operations in accordance with IFRS 10 *Consolidated Financial Statements* as if they were wholly-owned subsidiaries. Financial assets transferred to SPEs under securitisation agreements are not derecognised by the Group because it retains the risks and rewards of ownership, and all financial assets and liabilities related to the SPE continue to be held on the Group's consolidated statement of financial position.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Fees and commissions expenses primarily consist of legal and valuations fees and credit search fees.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the accounting policies set out above, the Group makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

a) Loan impairment allowances

Allowances for loan impairment represent management's best estimate of the losses incurred in the loan portfolios at the reporting date. Charges to the allowances for loan impairment are reported in the consolidated income statement as impairment losses on loans and advances. Impairment provisions are made if there is objective evidence of impairment as a result of one or more subsequent events regarding a significant loan or a portfolio of loans and its impact can be reliably estimated.

Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loan's original effective interest rate. Impairment losses determined on a portfolio basis are calculated using a formulaic approach which allocates a loss rate dependent on the arrears status of the loan. Loss rates are based on the discounted expected future cash flows, from historical experience and are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fees and commission

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the contractual interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest on loans and advances to customers	210,792	164,314
Other interest receivable	45	87
	210,837	164,401

Included within interest on loans and advances to customers is £11,709,000 (2015: £13,427,000) relating to impaired loans.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
On borrowings	67,547	52,289

6. FEE AND COMMISSION INCOME

	2016 £'000	2015 £'000
Fee income on loans and advances to customers	3,761	3,480
Other fees receivable	458	568
	4,219	4,048

7. FEE AND COMMISSION EXPENSE

	2016 £'000	2015 £'000
Legal, valuations and other fees	756	685
Insurance commissions and charges	924	693
	1,680	1,378

8. OTHER INCOME

	2016 £'000	2015 £'000
Rental income	96	104
Other income	42	34
Proceeds on sale of stock properties	—	414
	138	552

9. OTHER LOSSES

	2016 £'000	2015 £'000
Costs of sales on stock properties	—	(541)
Gains on sale of investment properties	—	37
	—	(504)

10. ADMINISTRATIVE EXPENSES

	2016 £'000	2015 £'000
Staff costs	25,730	22,058
Auditor's remuneration	110	85
Operating lease rentals	1,099	1,118
Other administrative costs	13,554	8,471
	40,493	31,732

Included within other administrative costs are losses on disposal of property, plant and equipment of £14,000 (2015: £13,000).

11. DEPRECIATION AND AMORTISATION

	2016 £'000	2015 £'000
Depreciation	956	889
Amortisation of intangible assets	423	68
	1,379	957

12. AUDITOR'S REMUNERATION

	2016 £'000	2015 £'000
Fees payable for the audit of the Company's accounts	83	64
Fees payable for the audit of the Company's subsidiaries	27	21
Tax advisory and compliance services	83	60
Other services	724	432
	917	577

13. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2016 No.	2015 No.
Management and administration		
Full time	401	354
Part time	23	19
	424	373

Their aggregate remuneration, excluding executive directors, comprised:

	2016 £'000	2015 £'000
Wages and salaries	19,493	16,398
Social security costs	2,092	1,883
Pension costs	335	434
	21,920	18,715
The directors' remuneration comprised:		
Emoluments	3,683	3,280
Company contribution to personal pension schemes	127	63
	3,810	3,343

13. STAFF COSTS (continued)

The emoluments of the highest paid director were £785,000 (2015: £995,000) including £nil (2014: £nil) of Company contributions to a defined contribution pension scheme. Details of the pension arrangements operated by the Group are given in note 29.

14. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
Current tax		
Corporation tax	21,043	14,959
Adjustment in respect of previous years	112	25
	21,155	14,984
Deferred tax		
Origination and reversal of timing differences	(3,077)	1,074
Adjustment in respect of prior years	(153)	(2)
Effect of tax rates	636	(39)
Total deferred tax	(2,594)	1,033
Total tax on profit	18,561	16,017

The differences between the Group tax charge for the period and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2016 £'000	2015 £'000
Profit before tax	90,329	74,764
Tax on profit at standard UK corporation tax rate of 20.00%/20.75%	18,066	15,514
Effects of:		
Expenses not deductible for tax purposes	239	826
Income not taxable	(339)	(308)
Adjustment in respect of previous years	(41)	23
Effect of changes in tax rate	636	(38)
Group current tax charge for period	18,561	16,017

15. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment				
2016 Group	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	Intangible assets £'000	Total £'000
Cost					
At 1 July 2015	5,292	1,028	6,320	1,093	7,413
Additions	926	437	1,363	2,627	3,990
Disposals	(336)	(214)	(550)	—	(550)
At 30 June 2016	5,882	1,251	7,133	3,720	10,853
Depreciation and amortisation					
At 1 July 2015	1,723	392	2,115	68	2,183
Charge for the year	772	184	956	423	1,379
Disposals	(336)	(131)	(467)	—	(467)
At 30 June 2016	2,159	445	2,604	491	3,095
Net book value					
At 30 June 2016	3,723	806	4,529	3,229	7,758
At 30 June 2015	3,569	636	4,205	1,025	5,230

15. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (continued)

2015 Group	Property, plant and equipment: Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	Intangible assets £'000	Total £'000
Cost					
At 1 July 2014	4,772	1,069	5,841	7	5,848
Additions	544	297	841	1,181	2,022
Disposals	(8)	(338)	(346)	—	(346)
Reclassifications	(16)	—	(16)	(95)	(111)
At 30 June 2015	5,292	1,028	6,320	1,093	7,413
Depreciation and amortisation					
At 1 July 2014	1,015	448	1,463	—	1,463
Charge for the year	716	173	889	68	957
Disposals	(8)	(229)	(237)	—	(237)
At 30 June 2015	1,723	392	2,115	68	2,183
Net book value					
At 30 June 2015	3,569	636	4,205	1,025	5,230
At 30 June 2014	3,757	621	4,378	7	4,385

16. INVESTMENT PROPERTY

Group valuation	2016 £'000	2015 £'000	2014 £'000
At beginning of year	45	179	228
Disposals	—	(134)	(49)
At end of year	45	45	179

The fair value of freehold investment property at 30 June 2016 has been arrived at using internal valuations carried out by the directors based upon previous valuations conducted by external chartered surveyors. If investment properties had not been revalued, they would have been included in the statement of financial position at £45,000 (2015: £45,000). Rental income of £12,000 on investment properties (2015: £20,000) has been included within note 8. Direct operating expenses of £15,000 arising from investment properties has been charged within administrative expenses (2015: £26,000).

17. INVESTMENTS

a) Listed and other investments

The Group held investments of £123,000 (2015 and 2014: £123,000) stated at the lower of cost and net realisable value. Of these investments, £13,000 were listed (2015 and 2014: £13,000).

b) Subsidiary undertakings

The Company held the following investments in subsidiary undertakings:

	2016 £'000	2015 £'000
At beginning of year	10,304	10,051
Additions	1,170	253
At end of year	11,474	10,304

17. INVESTMENTS (continued)

b) Subsidiary undertakings (continued)

The Company has the following subsidiaries, all of which are incorporated in Great Britain and are registered in England and Wales and operate throughout the United Kingdom:

	Shares and voting rights	Principal activities
Trading subsidiaries		
Auction Finance Limited	100%	Commercial lending
Blemain Finance Limited	100%	Retail lending
Bridging Finance Limited	100%	Commercial lending
Cheshire Mortgage Corporation Limited	100%	Retail lending
Harpmanor Limited	100%	Commercial lending
Jerrold FinCo plc	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Commercial lending
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Retail lending
Non-trading subsidiaries		
Briar Hill Court Limited	100%	Non-trading
FactFocus Limited	100%	Non-trading
General Allied Properties Limited	100%	Non-trading
Heywood Leasing Limited	100%	Non-trading
Heywood Finance Limited	100%	Non-trading
Monarch Recoveries Limited	100%	Non-trading
Supashow Limited	100%	Non-trading
Jerrold Mortgage Corporation Limited	100%	Non-trading
Dormant subsidiaries		
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property Limited	100%	Dormant
Proactive Bridging Limited	100%	Dormant
Proactive Lending Limited	100%	Dormant
Privileged Estates Limited	100%	Dormant
Provincial & Northern Properties Limited	100%	Dormant
Together Financial Services Limited (formerly Manchester Property Investments Limited)	100%	Dormant

The above are direct holdings with the exception of Spot Finance Limited which is held by Blemain Finance Limited. The dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006.

18. INVENTORIES

	2016 £'000	2015 £'000	2014 £'000
Properties held for resale	840	840	1,381

19. LOANS AND ADVANCES TO CUSTOMERS

	2016 £'000	2015 £'000	2014 £'000
Aggregate gross loans and advances	1,869,519	1,492,848	1,128,893
Less: allowances for impairment on loans and advances	(68,846)	(69,325)	(75,344)
	1,800,673	1,423,523	1,053,549

19. LOANS AND ADVANCES TO CUSTOMERS (continued)

	2016 £'000	2015 £'000	2014 £'000
Aggregate gross loans and advances are repayable:			
Due within one year	811,459	829,205	324,850
Due within 2-5 years	489,380	372,644	466,466
Due after 5 years	568,680	290,999	337,577
	1,869,519	1,492,848	1,128,893

	2016 £'000	2015 £'000
Allowance for impairment losses		
At beginning of year	(69,325)	(75,344)
Charges to the income statement	(15,994)	(8,228)
Unwind of discount	11,709	13,427
Write-offs net of recoveries	4,764	820
At end of year	(68,846)	(69,325)

	2016 £'000	2015 £'000
Impairment losses for year		
Charges to the income statement	(15,994)	(8,228)
Amounts written off	(131)	—
Amounts released from deferred income	2,048	—
Recoveries of amounts previously written off	311	729
	(13,766)	(7,499)

Loans and advances to customers include an amount of £300,000 (2015: £300,000) loaned to August Blake Developments Limited, £2,000,000 (2015: £3,200,000) loaned to Sunnywood Estates Limited, and £7,100,000 (2015: £9,000,000) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

20. TRADE AND OTHER RECEIVABLES

Group	2016 £'000	2015 £'000	2014 £'000
Amounts owed by related parties	76	35	44
Other debtors	80	167	142
Prepayments and accrued income	2,156	2,155	2,019
	2,312	2,357	2,205

Company	2016 £'000	2015 £'000	2014 £'000
Amounts owed by related parties	9	9	9
Amounts owed by Group undertakings	483,170	450,566	367,914
Prepayments and accrued income	42	—	—
	483,221	450,575	367,923

Amounts owed by related parties of the Group are in respect of Centrestand Limited, Charles Street Commercial Investments Limited, and Sterling Property Co. Limited, companies in which HN Moser is a director and shareholder (see note 27).

21. TRADE AND OTHER PAYABLES

Group	2016 £'000	2015 £'000	2014 £'000
Accruals and deferred income	27,641	25,691	19,492
Amounts owed to related parties	1	36	259
Trade creditors	1,261	1,326	1,320
Other creditors	2,294	3,313	3,425
Other taxation and social security	609	621	485
	31,806	30,987	24,981

Company	2016 £'000	2015 £'000	2014 £'000
Accruals and deferred income	8,546	9,200	7,708
Amounts owed to Group undertakings	308,551	309,078	199,883
Other creditors	1	1	1
	317,098	318,279	207,592

Amounts owed to related parties of the Group are in respect of Common Sense Lending Limited and Charles Street Commercial Investments Limited, companies in which HN Moser is a director and shareholder (see note 27).

22. DEFERRED TAX

Deferred taxation asset	2016 £'000	2015 £'000
At beginning of period	3,515	4,549
Credit/(charge) to income statement	2,441	(1,036)
Adjustment in respect of prior years	153	2
	6,109	3,515
Accelerated capital allowances	(279)	(223)
Short-term timing differences	6,388	3,738
	6,109	3,515

23. BORROWINGS

Group	2016 £'000	2015 £'000	2014 £'000
Bank loans	29,000	—	35,000
Loan notes	884,040	605,424	380,270
Shareholder notes	60,000	60,000	60,000
Senior secured notes	304,427	307,879	200,000
Obligations under finance leases	422	317	203
	1,277,889	973,620	675,473
Debt issue costs	(18,493)	(16,057)	(16,140)
Total borrowings	1,259,396	957,563	659,333
Of which:			
Due for settlement within 12 months	195	158	121
Due for settlement after 12 months	1,259,201	957,405	659,212
	1,259,396	957,563	659,333

23. BORROWINGS (continued)

Company	2016 £'000	2015 £'000	2014 £'000
Bank loans	29,000	—	35,000
Shareholder notes	60,000	60,000	60,000
	89,000	60,000	95,000
Debt issue costs	(285)	—	(1,975)
Total borrowings	88,715	60,000	93,025
Of which:			
Due for settlement within 12 months	—	—	—
Due for settlement after 12 months	88,715	60,000	93,025
	88,715	60,000	93,025

On 27 August 2015 the Group successfully refinanced its revolving credit facility (bank loans), securing funds of £18m, and on 11 January 2016 raised a further £11m thereby increasing the facility to £29m. The facility will run until August 2017.

The loan notes are provided through two revolving securitisation vehicles, Charles Street Conduit Asset Backed Securitisation 1 Limited (Charles Street ABS) established in 2007 and Lakeside Asset Backed Securitisation 1 Limited (Lakeside ABS). Each of the facilities is secured on specific loan assets. On 13 August 2015 the Company successfully completed a new £255m revolving securitisation programme, known as Lakeside ABS. The facility will run until August 2018 and will support the Group's commercial lending activity. On 7 March 2016, the Charles Street ABS facility ratings were re-confirmed as Aa2 by Moody's and AA by DBRS. The facility was further increased on 7 March 2016 from £675m to £1bn and the term extended to January 2021.

Of the shareholder notes, £40m is due to 'DL Moser Family Settlement Trust', £8m is due to HN Moser, £9.9m is due to Equistone Partners Europe Limited and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum.

In April 2015 Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) issued and closed an additional £100m of senior secured notes issued at a premium to par of 8.5%, taking the total notes in issue to £300m. The proceeds were used to reduce Jerrold Holdings Limited's syndicated loan facility to £nil from £80m drawn and the available commitments reduced to £25m from £100m.

Debt issue costs consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes which are being amortised over the expected duration of the facility or the term of the notes as appropriate. Borrowings have the following maturities:

As at 30 June 2016 Group	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	29,000	—	—	29,000
Loan notes	—	—	884,040	—	884,040
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	304,427	—	304,427
Finance leases	195	159	68	—	422
Debt issue costs	—	—	(18,493)	—	(18,493)
	195	29,159	1,170,042	60,000	1,259,396

As at 30 June 2016 Company	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	29,000	—	—	29,000
Shareholder notes	—	—	—	60,000	60,000
Debt issue costs	—	(285)	—	—	(285)
	—	28,715	—	60,000	88,715

23. BORROWINGS (continued)

As at 30 June 2015 Group	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	—	—	—	—
Loan notes	—	—	605,424	—	605,424
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	307,879	—	307,879
Finance leases	158	102	57	—	317
Debt issue costs	—	—	(16,057)	—	(16,057)
	158	102	897,303	60,000	957,563

As at 30 June 2015 Company	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Shareholder notes	—	—	—	60,000	60,000

As at 30 June 2014 Group	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	35,000	—	—	35,000
Loan notes	—	—	380,270	—	380,270
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	200,000	—	200,000
Finance leases	121	69	13	—	203
Debt issue costs	—	(1,975)	(14,165)	—	(16,140)
	121	33,094	566,118	60,000	659,333

As at 30 June 2014 Company	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	35,000	—	—	35,000
Shareholder notes	—	—	—	60,000	60,000
Debt issue costs	—	(1,975)	—	—	(1,975)
	—	33,025	—	60,000	93,025

24. SHARE CAPITAL

Authorised	2016 £'000	2015 £'000	2014 £'000
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
154,690 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	—
10,000 E ordinary shares of 1 penny each	—	—	—
22 A deferred ordinary shares of 0.1 pence each	—	—	—
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425	5,425
	10,001	10,001	10,000

24. SHARE CAPITAL (continued)

Issued, allotted and fully paid	2016 £'000	2015 £'000	2014 £'000
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
131,202 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	—
13 A deferred ordinary shares of 0.1 pence each	—	—	—
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203	5,203
	9,779	9,779	9,778

Details of the issuance of 100,000 D shares and authorisation of 10,000 E shares in the year to 30 June 2015 are set out in note 30.

25. FINANCIAL INSTRUMENTS AND FAIR VALUES

All the Group's financial assets and liabilities are held at amortised cost. The table below summarises the carrying value and the fair value of financial instruments as at the year end:

	2016		2015		2014	
Financial assets	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Listed investments	13	13	13	13	13	13
Loans and advances to customers	1,800,673	1,873,862	1,423,523	1,454,527	1,053,549	1,122,583
Amounts owed by related parties	76	76	35	35	44	44
Other debtors	80	80	167	167	142	142
Cash and cash equivalents	546	546	2,772	2,772	6,849	6,849
	1,801,388	1,874,577	1,426,510	1,457,514	1,060,597	1,129,631

	2016		2015		2014	
Financial liabilities	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Borrowings	1,259,396	1,333,223	957,563	1,055,388	659,333	732,726
Amounts owed to related parties	1	1	36	36	259	259
Trade creditors	1,261	1,261	1,326	1,326	1,320	1,320
Other creditors	2,294	2,294	3,313	3,313	3,425	3,425
Other taxation and social security	609	609	621	621	485	485
	1,263,561	1,337,388	962,859	1,060,684	664,822	738,215

The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of financial assets is adjusted for future losses if considered material.

The following tables analyse the fair values of loans and advances and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Measurements derived from observable data, such as market prices or rates;

25. FINANCIAL INSTRUMENTS AND FAIR VALUES (continued)

Level 3: Measurements rely on significant inputs not based on observable market data

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2016				
Financial assets				
Loans and advances to customers	—	—	1,873,862	1,873,862
Financial liabilities				
Borrowings	308,250	982,014	42,959	1,333,223
2015				
Financial assets				
Loans and advances to customers	—	—	1,454,527	1,454,527
Financial liabilities				
Borrowings	336,564	677,144	41,679	1,055,388
2014				
Financial assets				
Loans and advances to customers	—	—	1,122,583	1,122,583
Financial liabilities				
Borrowings	218,000	475,724	39,001	732,726

Loans and advances to customers are revalued to fair value based on future interest cash flows (at funding rates) and principal cash flows discounted using the rate for new originations of mortgages with similar characteristics. This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets.

Forecast principal repayments are based on redemption at maturity with overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour.

The fair value of loans and advances to customers in total is 4% higher than the carrying value as at 30 June 2016. This is primarily due to the current origination rates used to discount future cash flows being below customer interest rates. A 1% increase in the discount rate would result in a reduction in the fair value of loans and advances to customers of £67m and 1% decrease would result in an increase of £58m.

The borrowings stated at fair value in level 3 represent shareholder notes. Market prices are not available for these instruments, and market prices for quoted subordinated instruments are not suitable as they do not reflect the relationship of the shareholders to the Group.

The estimated fair value of these instruments has been based on future interest cash flows (at funding rates) and principal cash flows, discounted at 10% over bank base rate. This rate is based on management's judgment that the instruments are near-equity in nature. A 1% reduction in the discount rate would result in an increase in the carrying value of approximately £0.6m and 1% increase in the rate would result in a decrease of approximately £3.1m.

26. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH OUTFLOW FROM OPERATIONS

Group	2016 £'000	2015 £'000
Profit after tax	71,768	58,747
Adjustments for:		
Taxation	18,561	16,017
Depreciation and amortisation	1,379	957
Share-based payment	1,170	—
Loss on disposal of property, plant and equipment	14	13
Profit on sale of investment properties	—	(37)
Negative goodwill	—	(122)
Interest expense	67,547	52,289
	160,439	127,864
Increase in loan book	(377,150)	(369,974)
Increase in prepayments	(1)	(136)
Decrease/(increase) in other debtors and amounts owed by related parties	46	(16)
Increase in equity for share-based payments	(1,170)	—
Decrease in inventories	—	541
Increase in accruals	3,127	3,429
(Decrease)/increase in trade creditors	(65)	6
Decrease in other creditors, amounts owed to related parties and taxation and social security	(1,066)	(199)
	(376,279)	(366,349)
Cash outflow from operations	(215,840)	(238,485)

Company	2016 £'000	2015 £'000
Profit after tax	2,565	122
Adjustments for:		
Dividends received	(2,565)	—
Negative goodwill	—	(122)
Interest expense	37,436	33,879
	37,436	33,879
Increase in prepayments	(42)	—
Inter-group recharges and treasury transfers	(30,980)	28,436
	(31,022)	28,436
Cash inflow from operations	6,414	62,315

27. RELATED PARTY TRANSACTIONS

Companies owned by HN Moser and the Moser family are deemed to be related parties. The following balances with related parties existed at the year end:

Balances due to the Group	2016 £'000	2015 £'000	2014 £'000
Centrestand Limited	22	14	25
Charles Street Commercial Investments Limited	37	1	2
Sterling Property Co. Limited	17	20	17
	76	35	44

Balances due from the Group	2016 £'000	2015 £'000	2014 £'000
Common Sense Lending Limited (formerly Sproston Green Limited)	—	7	7
Charles Street Commercial Investments Limited	1	29	252
	1	36	259

27. RELATED PARTY TRANSACTIONS (continued)

Group transactions with related parties during the year were:

	2016 £'000	2015 £'000
Bracken House Properties LLP		
Operating lease costs – land and buildings due to Bracken House Properties LLP	1,046	1,055
Insurance costs due to Bracken House Properties LLP	25	25
Payments from the Group to Bracken House Properties LLP	(802)	(1,071)
Charles Street Commercial Investments Limited		
Amounts received/(paid) by the Group relating to Charles Street Commercial Investments Limited	68	(221)
Centrestand Limited		
Service charges and costs paid on behalf of Centrestand Limited	8	8
Sterling Property Co. Limited		
Property management fees paid by the Group to Sterling Property Co. Limited	(3)	—
Common Sense Lending Limited		
Write back of amounts owed to Common Sense Lending Limited	7	—
	349	(204)

Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.

Operating lease costs and insurance costs are paid to Bracken House Properties LLP on a prepaid basis. The future amounts payable under operating leases are as follows:

	2016 £'000	2015 £'000	2014 £'000
Within one year	1,070	1,094	1,094
Between one and five years	4,270	4,376	4,376
After five years	5,884	7,110	8,204
	11,224	12,580	13,674

28. CONTINGENT LIABILITIES

As at 30 June 2016 the Company's assets were subject to a fixed and floating charge in respect of £29m of bank borrowings of the Group (2015: £nil) and £300m in respect of senior secured notes (2015: £300m).

29. PENSION ARRANGEMENTS

The Group operated a defined contribution scheme for which the pension costs charge for the year amounted to £nil (2015: £nil).

During the year the Group contributed to employees' personal pension plans. The total cost for the year amounted to £335,000 (2015: £434,000).

30. SHARE-BASED PAYMENTS

In January 2015 100,000 D shares were issued to senior management. In addition options were granted to senior management over 10,000 E shares. The ability to dispose of such shares and execute such options are conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital, the value of which are dependent upon the amount of share capital sold and the value of the Company at the time. Such awards are treated as equity settled by virtue of where the obligation rests on such awards being realised.

The fair value of the D share and E share options, which due to their nature are treated as a single instrument, has been derived using a Black Scholes model. In ascertaining the fair value certain assumptions have been made as to the estimated timing of when such shares and options are likely to realise with the fair value being charged to the income statement over the expected vesting period, which is to be re-assessed annually.

30. SHARE-BASED PAYMENTS (continued)

In deriving the fair value a risk free rate of 0.48% has been applied with assumed volatility of 25%. The risk free rate of return has been calculated by reference to the Treasury coupon yield achievable at the time of granting the awards which has a maturity date close to that of the expected life of the awards. The expected volatility has been calculated by reference to the average experienced volatility of a selected peer set of listed companies, based upon the annualised standard deviation of daily share price movements over a period corresponding with the expected life of the awards.

Whilst the Company is the issuer of the awards the benefit arises in Blemain Finance Limited ("BFL"), a subsidiary of Jerrold Holdings. As such the charge is applied to the income statement of BFL, whose results are consolidated into the Jerrold Holdings consolidated income statement. During the current financial year £1.17 million has been recognised to the income statement.

31. CONTROLLING PARTY

Mr HN Moser, a director of Jerrold Holdings Limited, and members of his close family, control the Company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.

32. IFRS RECONCILIATIONS

The Group previously prepared its primary financial statements under UK GAAP, which differs in certain significant respects from IFRSs.

The statements of financial position below show the adjustments made on transition from UK GAAP to IFRS for the Group. No adjustments arose for the Company.

32. IFRS RECONCILIATIONS (continued)

(i) As at date of transition to IFRS – 1 July 2014

	Note	UK GAAP (as previously reported) £'000	Effect of transition to IFRSs £'000	Opening statement of financial position £'000
NON-CURRENT ASSETS				
Property, plant and equipment	(v)c	4,385	(7)	4,378
Intangible assets	(v)c	—	7	7
Investment property		179	—	179
Investments		123	—	123
Deferred tax asset		—	4,549	4,549
		4,687	4,549	9,236
CURRENT ASSETS				
Inventories		1,381	—	1,381
Loans and advances to customers	(v)a, (v)b	1,076,218	(22,669)	1,053,549
Trade and other receivables	(v)a, (v)b	2,433	(228)	2,205
Cash at bank and in hand		6,849	—	6,849
		1,086,881	(22,897)	1,063,984
TOTAL ASSETS		1,091,568	(18,348)	1,073,220
CURRENT LIABILITIES				
Trade and other payables		(24,981)	—	(24,981)
Current tax liabilities		(5,412)	—	(5,412)
Borrowings		(121)	—	(121)
		(30,514)	—	(30,514)
NET CURRENT ASSETS		1,056,367	(22,898)	1,033,470
NON-CURRENT LIABILITIES				
Borrowings		(659,212)	—	(659,212)
Deferred tax liabilities		(30)	30	—
		(659,242)	30	(659,212)
TOTAL LIABILITIES		(689,756)	30	(689,726)
NET ASSETS		401,812	(18,318)	383,494
EQUITY				
Share capital		9,778	—	9,778
Share premium account		17,527	—	17,527
Merger reserve		(9,645)	—	(9,645)
Capital redemption reserve		1,300	—	1,300
Revaluation reserve		21	—	21
Retained earnings	(v)a, (v)b	382,578	(18,318)	364,260
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		401,559	(18,318)	383,241
NON-CONTROLLING INTERESTS		253	—	253
TOTAL EQUITY		401,812	(18,318)	383,494

32. IFRS RECONCILIATIONS (continued)

(ii) Following date of transition to IFRS – 30 June 2015

	Note	UK GAAP (as previously reported) £'000	Effect of transition to IFRSs £'000	IFRS statement of financial position £'000
NON-CURRENT ASSETS				
Property, plant and equipment	(v)c	5,230	(1,025)	4,205
Intangible assets	(v)c	—	1,025	1,025
Investment property		45	—	45
Investments		123	—	123
Deferred tax asset		—	3,515	3,515
		5,398	3,515	8,913
CURRENT ASSETS				
Inventories		840	—	840
Loans and advances to customers	(v)a, (v)b	1,441,635	(18,112)	1,423,523
Trade and other receivables	(v)a, (v)b	2,480	(123)	2,357
Cash at bank and in hand		2,772	—	2,772
		1,447,727	(18,235)	1,429,492
TOTAL ASSETS		1,453,125	(14,720)	1,438,405
CURRENT LIABILITIES				
Trade and other payables		(30,987)	—	(30,987)
Current tax liabilities		(7,866)	—	(7,866)
Borrowings		(158)	—	(158)
		(39,011)	—	(39,011)
NET CURRENT ASSETS		1,408,716	(18,235)	1,390,481
NON-CURRENT LIABILITIES				
Borrowings		(957,365)	(40)	(957,405)
Deferred tax liabilities		(125)	125	—
		(957,490)	85	(957,405)
TOTAL LIABILITIES		(996,501)	85	(996,416)
NET ASSETS		456,624	(14,635)	441,989
EQUITY				
Share capital		9,779	—	9,779
Share premium account		17,527	—	17,527
Merger reserve		(9,645)	—	(9,645)
Capital redemption reserve		1,300	—	1,300
Retained earnings	(v)a, (v)b	437,663	(14,635)	423,028
TOTAL EQUITY		456,624	(14,635)	441,989

32. IFRS RECONCILIATIONS (continued)

(iii) Reconciliation of profit or loss on transition to IFRS

The profit reported under UK GAAP for the year ended 30 June 2015 reconciles to that under IFRS as follows:

	£'000	£'000
As previously reported under UK GAAP		55,063
Measurement of financial instruments at amortised cost using EIR method	12,974	
Calculation of impairment provisions in accordance with IAS 39	(8,351)	
	4,623	
Tax effect on the above	(939)	
Total adjustments to profit or loss		3,684
Total profit under IFRS		58,747

(iv) Effect of IFRS adoption for statement of cash flows

The Group previously prepared its statement of cash flows in accordance with UK Financial Reporting Statement 1 'Cash Flow Statements'. Its objectives and principles are similar to those set out in IAS 7 'Statement of Cash Flows', the standard under IFRS dealing with cash flow statements.

Under UK GAAP, the Group presented its cash flows by operating activities; returns on investments and servicing of finance; taxation; capital expenditure and financial investment; and financing. Under IFRS, only three categories are required. These are operating, investing and financing.

(v) Notes to the reconciliations

a) Accounting for interest income and expense using the effective interest rate method ("EIR") – previously under UK GAAP, fee income and expenses directly attributable to the origination of financial assets were recognised on origination. Additionally, 'suspended' interest income on financial assets considered unrecoverable was not recognised. Under IFRS, fees and expenses relating to the origination of financial assets are included in the EIR over the expected lives of the assets. Income is no longer suspended but recognised at the EIR on the carrying value of the impaired financial asset.

   Financial assets and liabilities held at amortised cost under IFRS include the amount of any cumulative amortisation, calculated using the EIR method, of any fees and costs which are included as part of interest income or expense under EIR.

b) Impairment of financial assets – the principal difference in the measurement of impairment allowances on the Group's loans and advances to customers under IFRS is that the estimated future cash flows used to determine the allowances are discounted at the loans' original EIRs, while under UK GAAP the future cash flows are undiscounted. The additional initial allowances recognised under IFRS represented by the discount are then unwound as additional interest income over the period that the future cash flows are realised.

c) Computer systems – under UK GAAP these costs were capitalised with computer hardware as tangible fixed assets; under IFRS they are required to be reclassified as intangible assets.

(vi) The transition to IFRS has resulted in the following changes in accounting policies:

a) Interest income was previously recognised in the income statement using the contractual rate of the loan to the extent that it was considered recoverable. Under IFRS interest income is now recognised using the EIR method on the unimpaired carrying value.

b) Internally developed computer systems costs were previously recognised as a tangible fixed asset and depreciated on a straight line basis over their useful economic lives. The policy is now that these costs are capitalised as intangible assets and amortised over their useful economic lives.

32. IFRS RECONCILIATIONS (continued)

(vi) The transition to IFRS has resulted in the following changes in accounting policies: (continued)

c) In accordance with IAS 39, all the Group's financial assets are classified as loans and receivables.

d) The Group's policy for providing for loan losses has changed. The most significant change is that impairment allowances on financial assets are calculated as the difference between the carrying amount (including the income now recognised in point "(v)b" (above) and the present value of estimated future cash flows discounted using the asset's EIR.

JERROLD HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the Group and parent company financial statements of Jerrold Holdings Limited for the year ended 30 June 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

/s/ Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

8/9/2015

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2015

	Note	2015 £'000	2014 £'000
TURNOVER	1	165,501	129,734
Cost of sales		(11,519)	(5,779)
GROSS PROFIT		153,982	123,955
Administrative expenses		(31,837)	(26,800)
Other operating income		122	—
OPERATING PROFIT		122,267	97,155
Gain/(loss) on sale of investment properties		37	(24)
Interest payable and similar charges	3	(52,216)	(45,216)
Interest receivable and similar income	3	53	115
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	70,141	52,030
Tax on profit on ordinary activities	5	(15,078)	(11,379)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		55,063	40,651
Minority interests	19	—	(7)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	55,063	40,644

No consolidated note of historical cost profits and losses has been prepared as there is no material difference between the retained profits in either year if an historical cost basis had been adopted.

All activities arose from continuing operations.

There were no recognised gains or losses in either year other than the result for that year shown above. Accordingly, a separate consolidated statement of total recognised gains and losses has not been presented.

JERROLD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 June 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investment properties	7	45	179
Tangible assets	8	5,230	4,385
Investments	9	13	13
		5,288	4,577
CURRENT ASSETS			
Stocks	10	840	1,381
Debtors			
- due within one year	11	581,334	364,900
- due after one year	11	862,781	713,751
Investments	12	110	110
Cash at bank and in hand		2,772	6,849
		1,447,837	1,086,991
CREDITORS: Amounts falling due within one year	13	(39,012)	(30,514)
NET CURRENT ASSETS		1,408,825	1,056,477
TOTAL ASSETS LESS CURRENT LIABILITIES		1,414,113	1,061,054
CREDITORS: Amounts falling due after more than one year	14	(957,489)	(659,242)
NET ASSETS		456,624	401,812
CAPITAL AND RESERVES			
Called up share capital	16	9,779	9,778
Share premium account	17	17,527	17,527
Merger reserve	17	(9,645)	(9,645)
Capital redemption reserve	17	1,300	1,300
Revaluation reserve	17	—	21
Profit and loss account	17	437,663	382,578
SHAREHOLDERS' FUNDS	18	456,624	401,559
Minority interests	19	—	253
TOTAL CAPITAL EMPLOYED		456,624	401,812

These financial statements were approved by the Board of Directors on 8th September 2015.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director

GD Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
As at 30 June 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investments	9	10,304	10,051
CURRENT ASSETS			
Debtors			
- due within one year	11	9	9
- due after one year	11	450,566	367,914
Cash at bank and in hand		4,687	9,806
		455,262	377,729
CREDITORS: Amounts falling due within one year	13	(9,201)	(7,709)
NET CURRENT ASSETS		446,061	370,020
TOTAL ASSETS LESS CURRENT LIABILITIES		456,365	380,071
CREDITORS: Amounts falling due after more than one year	14	(369,078)	(292,908)
NET ASSETS		87,287	87,163
CAPITAL AND RESERVES			
Called up share capital	16	9,779	9,778
Share premium account	17	17,527	17,527
Capital redemption reserve	17	1,300	1,300
Profit and loss account	17	58,681	58,558
SHAREHOLDERS' FUNDS		87,287	87,163

These financial statements were approved by the Board of Directors on 8th September 2015.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director

GD Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2015

	Note	2015 £'000	2014 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20a	(238,574)	(3,663)
Returns on investments and servicing of finance	20d	(49,307)	(45,583)
Taxation		(12,530)	(10,213)
Capital expenditure and financial investment	20d	(1,505)	(556)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(301,916)	(60,015)
Financing	20d	297,839	54,272
DECREASE IN CASH IN THE YEAR	20c	(4,077)	(5,743)

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Accounting convention and going concern

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of investment properties), on the going concern basis and in accordance with applicable law and United Kingdom accounting standards. The directors continue to adopt the going concern basis as disclosed in the Directors' Report – Statement of Going Concern.

Basis of consolidation

The Group financial statements consolidate the financial statements of Jerrold Holdings Limited and all its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. The acquisition method of accounting has been adopted for the consolidation of the following subsidiaries:

Auction Finance Limited
Bridging Finance Limited
Bridgingfinance.co.uk Limited
Classic Car Finance Limited
Finance Your Property Limited
General Allied Properties Limited
Heywood Finance Limited
Heywood Leasing Limited
Jerrold FinCo plc
Manchester Property Investments Limited
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)
Phone-a-loan Limited
Privileged Estates Limited
Proactive Bridging Limited
Provincial & Northern Properties Limited
Spot Finance Limited

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods were written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Merger accounting has been used for the consolidation of the following subsidiaries:

Blemain Finance Limited
Briar Hill Court Limited
Cheshire Mortgage Corporation Limited
Factfocus Limited
Harpmanor Limited
Jerrold Mortgage Corporation Limited
Lancashire Mortgage Corporation Limited
Monarch Recoveries Limited
Supashow Limited

Under this method any difference arising on consolidation is treated as a reduction in reserves.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment. Dividends received and receivable are credited to the company's profit and loss account.

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The company's retained profit for the financial year, determined in accordance with the Act, was £0.1m (2014: £nil).

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. A full valuation by an external valuer is made on a periodic basis. Changes in the market value of investment properties are accounted for by way of a movement in the revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged/(credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

In accordance with SSAP 19 "Accounting for Investment Properties", no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

Other tangible fixed assets

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	5 years straight-line on cost
Computer equipment	3-5 years straight-line on cost

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Stocks

Stock properties are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

1. ACCOUNTING POLICIES (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension benefits

During the year the Group operated a defined contribution scheme although no contributions were made. Contributions were made during the year to employees' personal pension schemes.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year to personal pension schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Provisions for bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. Incurred but not reported loss provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

Loan notes

Loan notes are recognised at amortised cost net of debt issue costs. Interest and fees payable to the loan note holders during the financial period are recognised in the profit and loss account over the term of the notes using the effective interest rate method.

Bank loans and senior secured notes

Interest-bearing bank loans and senior secured notes are recorded at amortised cost net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account and are included in Accruals and deferred income to the extent that they are not settled in the period in which they arise.

1. ACCOUNTING POLICIES (continued)

Turnover and cost of sales

Turnover consists of interest recoverable on loans, fee and commission income, proceeds of stock properties disposed of, rental income and the invoiced value (excluding VAT) for goods and services supplied to third parties.

Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when they are earned.

Income from disposal of stock properties is recognised at completion of the sale, with the related cost recognised within cost of sales.

Cost of sales includes the cost of stock properties sold during the year and direct costs of the financing business, including fees and commissions payable.

2. SEGMENTAL INFORMATION

Segmental analysis of the Group's turnover, results and net assets has not been disclosed as in the opinion of the directors this would be seriously prejudicial to the interests of the Group.

3. FINANCE CHARGES

	2015 £'000	2014 £'000
Interest payable and similar charges		
Bank loans, senior secured notes and loan notes	(44,226)	(37,411)
Debt issue costs	(7,929)	(7,734)
Other interest	(61)	(71)
	(52,216)	(45,216)

	2015 £'000	2014 £'000
Interest receivable and similar income		
Bank and other interest	53	92
Other interest	—	23
	53	115

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	834	397
Held under hire purchase contracts	123	75
(Gain)/loss on sale of investment properties	(37)	24
Profit on sale of fixed assets	12	—
Gain on sale of listed investments	(122)	—
Operating lease rentals		
Land and buildings	1,118	1,127
Auditor's remuneration		
Fees payable to the auditor for the audit of the company's accounts	64	60
Fees payable to the auditor in respect of the audit of the company's subsidiaries	21	20
For non-audit services – Taxation	60	88
For non-audit services – Other services	432	60

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2015 £'000	2014 £'000
Current tax		
Corporation tax	14,959	10,663
Adjustment in respect of previous years	25	(572)
Total current tax	14,984	10,091
Deferred tax		
Origination and reversal of timing differences	100	1,246
Adjustment in respect of prior years	(2)	19
Effect of change of tax rates	(4)	23
Total deferred tax (see note 15)	94	1,288
Total tax on profit on ordinary activities	15,078	11,379

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	70,141	52,030
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.75% (2014: 22.5%)	14,554	11,707
Effects of:		
Expenses not deductible for tax purposes	812	478
Income not taxable	(307)	(276)
Capital allowances in excess of depreciation	(100)	(144)
Other timing differences	—	(1,102)
Adjustments in respect of previous years	25	(572)
Group current tax charge for year	14,984	10,091

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2015 Number	2014 Number
Management and administration		
- full time	354	331
- part time	19	22
	373	353

	2015 £'000	2014 £'000
Their aggregate remuneration comprised:		
Wages and salaries	16,025	14,371
Social security costs	1,883	1,467
Pension costs	807	579
	18,715	16,417
Directors' remuneration:		
Emoluments	3,280	2,694
Company contributions to personal pension schemes	63	97
	3,343	2,791

The emoluments of the highest paid director were £995,995 (2014: £728,750) including £nil (2014: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2014	179
Disposals	(134)
At 30 June 2015	45

If investment properties had not been revalued, they would have been included in the balance sheet at £45,000 (2014: £158,000).

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2014	4,779	1,069	5,848
Additions	1,725	297	2,022
Disposals	(8)	(338)	(346)
Reclassifications	(111)	—	(111)
At 30 June 2015	6,385	1,028	7,413
Depreciation			
At 1 July 2014	1,015	448	1,463
Charge for the year	784	173	957
Disposals	(8)	(229)	(237)
At 30 June 2015	1,791	392	2,183
Net book value			
At 30 June 2015	4,594	636	5,230
At 30 June 2014	3,750	384	4,134

The net book value of tangible fixed assets includes £517,714 (2014: £344,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
At 1 July 2014	13	10,051
Additions	—	253
At 30 June 2015	13	10,304

a) Subsidiary undertakings

Trading subsidiaries	Shares and voting rights	Principal activities
Auction Finance Limited	100%	Financier
Blemain Finance Limited	100%	Financier
Bridging Finance Limited	100%	Financier
Cheshire Mortgage Corporation Limited	100%	Financier
Harpmanor Limited	100%	Financier
Jerrold FinCo plc	100%	Financier
Jerrold Mortgage Corporation Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Financier

Non-trading subsidiaries	Shares and voting rights	Principal activities
Briar Hill Court Limited	100%	Non-trading
Factfocus Limited	100%	Non-trading
Finance Your Property Limited	100%	Non-trading
General Allied Properties Limited	100%	Non-trading
Heywood Finance Limited	100%	Non-trading
Heywood Leasing Limited	100%	Non-trading
Monarch Recoveries Limited	100%	Non-trading
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)	100%	Non-trading
Privileged Estates Limited	100%	Non-trading
Provincial & Northern Properties Limited	100%	Non-trading
Supashow Limited	100%	Non-trading

Dormant subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Proactive Bridging Limited	100%	Dormant
Manchester Property Investments Limited	100%	Dormant

All the above subsidiaries are incorporated in Great Britain and are registered and operate in England and Wales and operate throughout the United Kingdom.

The dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006.

The above are direct holdings with the exception of Spot Finance Limited which is held by Blemain Finance Limited.

b) Other investments

Other investments are listed investments stated at the lower of cost and net realisable value.

10. STOCKS

	2015 £'000	2014 £'000
Properties held for resale	840	1,381

11. DEBTORS

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due within one year:				
Trade debtors	578,854	362,467	—	—
Amounts owed by related companies	35	44	9	9
Other debtors	290	370	—	—
Prepayments and accrued income	2,155	2,019	—	—
	581,334	364,900	9	9
Amounts falling due after one year:				
Trade debtors	862,781	713,751	—	—
Amounts owed by group undertakings	—	—	450,566	367,914
	862,781	713,751	450,566	367,914
	1,444,115	1,078,651	450,575	367,923

Trade debtors include amounts due in respect of loans provided during the normal course of business. Also included in trade debtors is an amount of £310,830 (2014: £296,180) loaned to August Blake Developments Limited, £3,187,495 (2014: £3,770,286) loaned to Sunnywood Estates Limited and £8,973,659 (2014: £11,537,741) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies. Amounts owed by related companies are in respect of Centrestand Limited and Sterling Property Co. Limited, companies in which HN Moser is a director and shareholder (see note 23).

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2016.

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2014 and at 30 June 2015	110

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Obligations under hire purchase contracts (see note 8)	158	121	—	—
Trade creditors	1,275	1,103	—	—
Amounts owed to related companies	36	259	—	—
Corporation tax	7,866	5,412	—	—
Other taxation and social security	621	485	—	—
Other creditors	3,365	3,642	1	1
Accruals and deferred income	25,691	19,492	9,200	7,708
	39,012	30,514	9,201	7,709

Amounts due to related companies are in respect of Sproston Green Limited and Charles Street Commercial Investments, companies in which HN Moser is a director and shareholder (see note 23).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank loans	—	33,025	—	33,025
Loan notes	596,636	372,345	—	—
Senior secured notes	300,569	193,758	—	—
Subordinated loans	60,000	60,000	60,000	60,000
Deferred tax (see note 15)	125	31	—	—
Amounts owed to group undertakings	—	—	309,078	199,883
Obligations under hire purchase contracts	160	83	—	—
	957,490	659,242	369,078	292,908

Borrowings are repayable as follows:

	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	158	121	—	—
Between one and two years	102	35,069	—	35,000
Between two and five years	913,320	580,282	—	—
Greater than five years	60,000	60,000	60,000	60,000
Debt issue costs	(16,057)	(16,140)	—	(1,975)
	957,523	659,332	60,000	93,025

In April 2015 Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) issued and closed an additional £100 million of senior secured notes issued at a premium of 8.5%, taking the total notes in issue to £300 million. The proceeds were used to reduce the parent company's (i.e. Jerrold Holdings Limited) syndicated loan facility to £nil from £80 million drawn and the available commitments reduced to £25 million from £100 million.

Bank loans and senior secured notes are shown net of prepaid fees which are being amortised over the expected duration of the facility and term of the notes respectively.

The loan notes are provided through a securitisation vehicle. They are secured on specific loan assets. On 28 October 2014, the facility was rated Aa2 by Moody's and AA by DBRS. The facility was subsequently increased on 24 November 2014 from £435m to £675m. The balance of £596.6m above is net of prepaid fees which are being amortised over the expected duration of the facility.

Of the subordinated loans, £40m is due to 'D.L. Moser Family Settlement Trust', £8m is due to HN Moser, £9.9m is due to Equistone Partners Europe Limited and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax liability	
At 1 July 2014	31
Charged to profit and loss account	94
At 30 June 2015	125

The Group has an unrecognised deferred tax liability of £nil (2014: £4,763) on the revaluation of properties.

The deferred tax liability is recognised as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	(223)	(139)
Other timing differences	98	108
Deferred tax liability	(125)	(31)

16. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
154,690 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
100,000 D ordinary shares of 1 pence each	1	—
10,000 E ordinary shares of 1 pence each	—	—
22 A deferred ordinary shares of 0.1 pence each	—	—
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,001	10,000
Issued, allotted and fully paid		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
131,202 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
100,000 D ordinary shares of 1 pence each	1	—
13 A deferred ordinary shares of 0.1 pence each	—	—
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203
	9,779	9,778

On 6 January 2015, new D shares were issued to directors and senior management as part of a long-term incentive scheme. The details of the share based payment scheme are disclosed in note 24.

17. RESERVES

	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Group						
At 1 July 2014	17,527	(9,645)	1,300	21	382,578	391,781
Transfer to retained earnings	—	—	—	(22)	22	—
Transfer to profit and loss	—	—	—	1	—	1
Retained profit for the financial year	—	—	—	—	55,063	55,063
At 30 June 2015	17,527	(9,645)	1,300	—	437,663	446,845

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2014	17,527	1,300	58,558	77,385
Retained profit for the financial year	—	—	123	123
At 30 June 2015	17,527	1,300	58,681	77,508

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
Opening shareholders' funds	401,559	360,915
Share capital issued	1	—
Retained profit for the financial year	55,064	40,644
Closing shareholders' funds	456,624	401,559

19. MINORITY INTERESTS

	2015 £'000	2014 £'000
As at 1 July 2014	253	246
Profit on ordinary activities after taxation	—	7
Adjustment arising from change in minority interest	(253)	—
As at 30 June 2015	—	253

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash outflow from operating activities

	2015 £'000	2014 £'000
Operating profit	122,267	97,155
Depreciation of tangible fixed assets	957	472
Loss on disposal of tangible fixed assets	12	—
Profit on acquisition of minority interest	(122)	—
Increase in debtors	(365,466)	(96,148)
Increase / (decrease) in creditors	3,237	(5,142)
Decrease in stock	541	—
Net cash outflow from operating activities	(238,574)	(3,663)

b) Analysis of net debt

	At 1 July 2014 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 June 2015 £'000
Cash at bank and in hand	6,849	(4,077)	—	2,772
Finance leases	(203)	153	(268)	(318)
Debt due within 1 year	—	35,000	(35,000)	—
Debt due after 1 year	(659,131)	(332,992)	34,917	(957,206)
Current asset investments	110	—	—	110
	(659,224)	(297,839)	(351)	(957,414)
Net debt	(652,375)	(301,916)	(351)	(954,642)

c) Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Decrease in cash in year	4,077	5,743
Cash inflow from increase in debt and lease financing	297,839	54,272
Change in net debt resulting from cash flows	301,916	60,015
New finance leases	268	141
Non-cash movements	83	(6,403)
Movement in net debt in year	302,267	53,753
Net debt, beginning of year	652,375	598,622
Net debt, end of year	954,642	652,375

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest received	53	92
Refinancing costs	(8,124)	(13,655)
Dividends received	—	1
Interest paid	(41,236)	(32,021)
Net cash outflow from returns on investments and servicing of finance	(49,307)	(45,583)

	2015 £'000	2014 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,643)	(641)
Sales of tangible fixed assets	97	60
Sales of investment properties	172	25
Purchase of investments	(131)	—
Net cash outflow from capital expenditure and financial investments	(1,505)	(556)

	2015 £'000	2014 £'000
Financing		
Proceeds from new borrowings	297,992	54,393
Capital element of finance lease payments	(154)	(121)
Share capital issued	1	—
Net cash inflow from financing	297,839	54,272

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are Group capital expenditure commitments of £nil at 30 June 2015 (2014: £nil).

Operating lease commitments

The payments which the Group is committed to make in the next year under an operating lease are as follows:

	2015 £'000	2014 £'000
Land and buildings, lease expiring:		
- within one year	—	—
- after five years	1,046	1,046
	1,046	1,046

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2014: £nil).

Furthermore, the group contributes to employees' personal pension plans. The total cost for the year amounted to £433,801 (2014: £578,584).

23. RELATED PARTY TRANSACTIONS

The companies listed below are deemed to be related parties with the Group as they are owned by HN Moser or the Moser family. The following balances with related parties existed at the year end:

	Balances due to		Balances due from	
Group	**2015 £'000**	**2014 £'000**	**2015 £'000**	**2014 £'000**
Sproston Green Limited	7	7	—	—
Centrestand Limited	—	—	14	25
Charles Street Commercial Investments Ltd	29	252	1	2
Sterling Property Co. Limited	—	—	20	17
	36	259	35	44

Group transactions with related parties during the year were as follows:

	2015 £'000	2014 £'000
Bracken House Properties LLP		
Operating lease costs – Land and buildings due to Bracken House Properties LLP	1,055	1,106
Insurance costs due to Bracken House Properties LLP	25	25
Payments from the Group to Bracken House Properties LLP	(1,071)	(1,124)
Charles Street Commercial Investments Ltd		
Introduction fees due from Charles Street Commercial Investments Ltd	(12)	(121)
Introduction fees paid by Charles Street Commercial Investments Ltd	12	121
Amounts received by Charles Street Commercial Investments Ltd relating to the Group	(191)	(497)
Repayments by Charles Street Commercial Investments Ltd to the Group	103	431
Amounts received by the Group relating to Charles Street Commercial Investments Ltd	1,481	367
Repayments by the Group to Charles Street Commercial Investments Ltd	(1,615)	(58)
Centrestand Limited		
Service charges and costs paid on behalf of Centrestand Limited	11	—
Sterling Property Co. Ltd		
Service charges and costs paid on behalf of Sterling Property Co. Ltd	(8)	—
Repayments to the Group from Sterling Property Co. Ltd	5	21
	(205)	12

23. RELATED PARTY TRANSACTIONS (continued)

Prepayments and accrued income (see note 11) include an amount of £268,000 relating to a prepayment of operating lease rentals and insurance costs. Lease commitments of £1,046,000 (see note 21) are between Jerrold Holdings Limited and Bracken House Properties LLP.

Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group. During the year, property management fees paid to Sterling Property Co. Limited for these services were £264,917 (2014: £379,121). These fees are applied to customer loan accounts and are not incurred by the Group.

Included in trade debtors (see note 11) is an amount of £310,830 (2014: £296,180) loaned to August Blake Developments Limited, £3,187,495 (2014: £3,770,286) loaned to Sunnywood Estates Limited and £8,973,659 (2014: £11,537,741) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

	Balances due from	
Company	2015 £'000	2014 £'000
Sterling Property Co. Limited	9	9

There were no company transactions with related parties during the current or previous year.

24. SHARE-BASED PAYMENTS

In the period 100,000 D shares were issued to senior management. The ability to dispose of such shares or a proportion thereof is conditional on sale of shares held by other shareholders amounting to 30% or more of the company's share capital. As there is currently no indication that this event will take place no profit and loss charge has been made.

In the period options were granted to senior management over 10,000 E shares. The ability to execute such options is conditional on sale of shares held by other shareholders amounting to 30% of more of the company's share capital. As there is currently no indication that this event will take place no profit and loss charge has been made.

25. CONTROLLING PARTY

Mr HN Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.

26. POST BALANCE SHEET EVENT

On August 13th, 2015 the company successfully completed a new £255m revolving securitisation programme (Lakeside Asset Backed Securitisation 1 Limited). The facility will run until August 2018 and will support the groups commercial lending activity.

On August 27th, 2015 the company successfully refinanced its revolving credit facility, securing funds of £18m. The facility will run until August 2017.

JERROLD HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the Group and parent company financial statements of Jerrold Holdings Limited for the year ended 30 June 2014 which comprise the Group Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 30 June 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

/s/ Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
8/9/2014

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2014

	Note	2014 £'000	2013 £'000
TURNOVER	1	129,734	121,516
Cost of sales		(5,779)	(3,532)
GROSS PROFIT		123,955	117,984
Administrative expenses		(26,800)	(30,271)
Other operating income		—	3
OPERATING PROFIT		97,155	87,716
(Loss)/gain on sale of investment properties		(24)	5
Interest payable and similar charges	3	(45,216)	(42,652)
Interest receivable and similar income	3	115	93
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	52,030	45,162
Tax on profit on ordinary activities	5	(11,379)	(11,180)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,651	33,982
Minority interests	19	(7)	(23)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	40,644	33,959

No consolidated note of historical cost profits and losses has been prepared as there is no material difference between the retained profits in either year if an historical cost basis had been adopted.

All activities arose from continuing operations.

There were no recognised gains or losses in either year other than the result for that year shown above. Accordingly, a separate consolidated statement of total recognised gains and losses has not been presented.

JERROLD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 June 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investment properties	7	179	228
Tangible assets	8	4,385	4,134
Investments	9	13	13
		4,577	4,375
CURRENT ASSETS			
Stocks	10	1,381	1,381
Debtors			
- due within one year	11	364,900	292,147
- due after one year	11	713,751	692,055
Investments	12	110	110
Cash at bank and in hand		6,849	12,592
		1,086,991	998,285
CREDITORS: Amounts falling due within one year	13	(30,514)	(82,976)
NET CURRENT ASSETS		1,056,477	915,309
TOTAL ASSETS LESS CURRENT LIABILITIES		1,061,054	919,684
CREDITORS: Amounts falling due after more than one year	14	(659,242)	(558,523)
NET ASSETS		401,812	361,161
CAPITAL AND RESERVES			
Called up share capital	16	9,778	9,778
Share premium account	17	17,527	17,527
Merger reserve	17	(9,645)	(9,645)
Capital redemption reserve	17	1,300	1,300
Revaluation reserve	17	21	21
Profit and loss account	17	382,578	341,934
SHAREHOLDERS' FUNDS	18	401,559	360,915
Minority interests	19	253	246
TOTAL CAPITAL EMPLOYED		401,812	361,161

These financial statements were approved by the Board of Directors on 8 September 2014.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

/s/ H.N. Moser
Director

/s/ G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
As at 30 June 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	9	10,051	10,051
CURRENT ASSETS			
Debtors			
- due within one year	11	9	450
- due after one year	11	367,914	329,185
Cash at bank and in hand		9,806	15,232
		377,729	344,867
CREDITORS: Amounts falling due within one year	13	(7,709)	(54,737)
NET CURRENT ASSETS		370,020	290,130
TOTAL ASSETS LESS CURRENT LIABILITIES		380,071	300,181
CREDITORS: Amounts falling due after more than one year	14	(292,908)	(213,018)
NET ASSETS		87,163	87,163
Called up share capital	16	9,778	9,778
Share premium account	17	17,527	17,527
Capital redemption reserve	17	1,300	1,300
Profit and loss account	17	58,558	58,558
SHAREHOLDERS' FUNDS		87,163	87,163

These financial statements were approved by the Board of Directors on 8 September 2014.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

/s/ H.N. Moser
Director

/s/ G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2014

	Note	2014 £'000	2013 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20a	(3,663)	123,914
Returns on investments and servicing of finance	20d	(45,583)	(55,308)
Taxation		(10,213)	(13,898)
Capital expenditure and financial investment	20d	(556)	(2,227)
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(60,015)	52,481
Management of liquid resources	20d	—	4
Financing	20d	54,272	(85,135)
DECREASE IN CASH IN THE YEAR	20c	(5,743)	(32,650)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Accounting convention and going concern

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of investment properties), on the going concern basis and in accordance with applicable law and United Kingdom accounting standards. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

Basis of consolidation

The group financial statements consolidate the financial statements of Jerrold Holdings Limited and all its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. The acquisition method of accounting has been adopted for the consolidation of the following subsidiaries:

Auction Finance Limited
Bridging Finance Limited
Bridgingfinance.co.uk Limited
Classic Car Finance Limited
Finance Your Property Limited
General Allied Properties Limited
Heywood Finance Limited
Heywood Leasing Limited
Jerrold FinCo PLC
Manchester Property Investments Limited
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)
Phone-a-loan Limited
Privileged Estates Limited
Proactive Bridging Limited
Provincial & Northern Properties Limited
Spot Finance Limited

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Merger accounting has been used for the consolidation of the following subsidiaries:

Blemain Finance Limited
Briar Hill Court Limited
Cheshire Mortgage Corporation Limited
Factfocus Limited
Harpmanor Limited
Jerrold Mortgage Corporation Limited
Lancashire Mortgage Corporation Limited
Monarch Recoveries Limited
Supashow Limited

Under this method any difference arising on consolidation is treated as a reduction in reserves.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment. Dividends received and receivable are credited to the company's profit and loss account.

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The company's retained profit for the financial year, determined in accordance with the Act, was £nil (2013: £54.9m).

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. A full valuation by an external valuer is made on a periodic basis. Changes in the market value of investment properties are accounted for by way of a movement in the revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged/(credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

In accordance with SSAP 19 "Accounting for Investment Properties", no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

Other tangible fixed assets

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	5 years straight-line on cost
Computer equipment	3-5 years straight-line on cost

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Stocks

Stock properties are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as

1. ACCOUNTING POLICIES (continued)

Leases (continued)

liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension benefits

During the year the group operated a defined contribution scheme and made contributions to employees' personal pension schemes.

The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year to personal pension schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Provisions for bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. Incurred but not reported loss provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

Loan notes

Loan notes are recognised at amortised cost net of debt issue costs. Interest and fees payable to the loan note holders during the financial period are recognised in the profit and loss account over the term of the notes using the effective interest rate method.

1. ACCOUNTING POLICIES (continued)

Bank loans and senior secured notes

Interest-bearing bank loans and senior secured notes are recorded at amortised cost net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account and are included in Accruals and deferred income to the extent that they are not settled in the period in which they arise.

Turnover and cost of sales

Turnover consists of interest recoverable on loans, fee and commission income, proceeds of stock properties disposed of, rental income and the invoiced value (excluding VAT) for goods and services supplied to third parties.

Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when they are earned.

Income from disposal of stock properties is recognised at completion of the sale, with the related cost recognised within cost of sales.

Cost of sales includes the cost of stock properties sold during the year and direct costs of the financing business, including fees and commissions payable.

2. SEGMENTAL INFORMATION

Segmental analysis of the group's turnover, results and net assets has not been disclosed as in the opinion of the directors this would be seriously prejudicial to the interests of the group.

3. FINANCE CHARGES

	2014 £'000	**2013 £'000**
Interest payable and similar charges		
Bank loans, senior secured notes and loan notes	(37,411)	(35,246)
Debt issue costs	(7,734)	(7,324)
Other interest	(71)	(82)
	(45,216)	(42,652)

	2014 £'000	**2013 £'000**
Interest receivable and similar income		
Bank and other interest	92	91
Other interest	23	2
	115	93

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	397	776
Held under hire purchase contracts	75	45
Loss/(gain) on sale of investment properties	24	(5)
Profit on sale of fixed assets	—	(4)
Operating lease rentals		
Land and buildings	1,127	1,360
Auditor's remuneration		
Fees payable to the auditor for the audit of the company's accounts	60	46
Fees payable to the auditor in respect of the audit of the company's subsidiaries	20	16
For non-audit services – Taxation	88	64
For non-audit services – Other services	60	268

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2014 £'000	2013 £'000
Current tax		
Corporation tax	10,663	11,033
Adjustment in respect of previous years	(572)	142
Total current tax	10,091	11,175
Deferred tax		
Origination and reversal of timing differences	1,246	86
Adjustment in respect of prior years	19	(137)
Effect of change of tax rates	23	56
Total deferred tax (see note 15)	1,288	5
Total tax on profit on ordinary activities	11,379	11,180

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	52,030	45,162
Tax on profit on ordinary activities at standard UK corporation tax rate of 22.5% (2013: 23.75%)	11,707	10,726
Effects of:		
Expenses not deductible for tax purposes	478	395
Income not taxable	(276)	(2)
Capital allowances in excess of depreciation	(144)	(32)
Other timing differences	(1,102)	(54)
Adjustments in respect of previous years	(572)	142
Group current tax charge for year	10,091	11,175

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2014 Number	2013 Number
Management and administration		
- full time	331	326
- part time	22	23
	353	349

	2014 £'000	2013 £'000
Their aggregate remuneration comprised:		
Wages and salaries	14,371	12,991
Social security costs	1,467	1,370
Pension costs	579	577
	16,417	14,938
Directors' remuneration:		
Emoluments	2,694	2,334
Company contributions to personal pension schemes	97	191
	2,791	2,525

The emoluments of the highest paid director were £728,750 (2013: £728,750) including £nil (2013: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2013	228
Disposals	(49)
At 30 June 2014	179

If investment properties had not been revalued, they would have been included in the balance sheet at £158,000 (2013: £207,000).

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2013	4,557	887	5,444
Additions	352	431	783
Disposals	(130)	(249)	(379)
At 30 June 2014	4,779	1,069	5,848
Depreciation			
At 1 July 2013	807	503	1,310
Charge for the year	338	134	472
Disposals	(130)	(189)	(319)
At 30 June 2014	1,015	448	1,463
Net book value			
At 30 June 2014	3,764	621	4,385
At 30 June 2013	3,750	384	4,134

The net book value of tangible fixed assets includes £344,000 (2013: £262,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
At 1 July 2013 and At 30 June 2014	13	10,051

a) Subsidiary undertakings

Trading subsidiaries	Shares and voting rights	Principal activities
Auction Finance Limited	100%	Financier
Blemain Finance Limited	100%	Financier
Bridging Finance Limited	100%	Financier
Cheshire Mortgage Corporation Limited	100%	Financier
Factfocus Limited	100%	Financier and property transactions
General Allied Properties Limited	100%	Property investment
Harpmanor Limited	100%	Financier
Heywood Finance Limited	90%	Hire purchase finance
Heywood Leasing Limited	90%	Leasing finance
Jerrold FinCo PLC	100%	Financier
Jerrold Mortgage Corporation Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Financier

Non trading subsidiaries	Shares and voting rights	Principal activities
Briar Hill Court Limited	100%	Non trading
Finance Your Property Limited	100%	Non trading
Monarch Recoveries Limited	100%	Non trading
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)	100%	Non trading
Privileged Estates Limited	100%	Non trading
Provincial & Northern Properties Limited	100%	Non trading
Supashow Limited	100%	Non trading

Dormant subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Proactive Bridging Limited	100%	Dormant
Manchester Property Investments Limited	100%	Dormant

All the above subsidiaries are incorporated in Great Britain and are registered and operate in England and Wales.

The Dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006.

The above are direct holdings with the exception of Spot Finance Limited which is held by Blemain Finance Limited.

b) Other investments

Other investments are listed investments stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2014

10. STOCKS

	2014 £'000	2013 £'000
Properties held for resale	1,381	1,381

11. DEBTORS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Trade debtors	362,467	289,185	—	—
Amounts owed by related companies	44	56	9	9
Other debtors	370	422	—	—
Prepayments and accrued income	2,019	2,484	—	441
	364,900	292,147	9	450
Amounts falling due after one year:				
Trade debtors	713,751	690,798	—	—
Amounts owed by group undertakings	—	—	367,914	329,185
Deferred taxation (see note 15)	—	1,257	—	—
	713,751	692,055	367,914	329,185
	1,078,651	984,202	367,923	329,635

Trade debtors include amounts due in respect of loans provided during the normal course of business. Also included in trade debtors is an amount of £296,180 (2013: £881,205) loaned to August Blake Developments Limited, £3,770,286 (2013: £6,270,093) loaned to Sunnywood Estates Limited and £11,537,741 (2013: £10,587,505) loaned to Edgworth Developments Limited, companies in which H N Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies. Amounts owed by related companies are in respect of Centrestand Limited and Sterling Property Co. Limited, companies in which H N Moser is a director and shareholder (see note 23).

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2015.

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2013 and at 30 June 2014	110

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank loans	—	52,713	—	52,713
Obligations under hire purchase contracts	121	87	—	—
Trade creditors	1,103	747	—	—
Amounts owed to related companies	259	7	—	—
Corporation tax	5,412	5,535	—	—
Other taxation and social security	485	384	—	—
Other creditors	3,642	3,942	1	1
Accruals and deferred income	19,492	19,561	7,708	2,023
	30,514	82,976	7,709	54,737

Amounts due to related companies are in respect of Sproston Green Limited and Charles Street Commercial Investments, companies in which H.N. Moser is a director and shareholder (see note 23).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank loans	33,025	146,914	33,025	146,914
Loan notes	372,345	351,513	—	—
Senior secured notes	193,758	—	—	—
Subordinated loans	60,000	60,000	60,000	60,000
Deferred Tax (see note 15)	31	—	—	—
Amounts owed to group undertakings	—	—	199,883	6,104
Obligations under hire purchase contracts	83	96	—	—
	659,242	558,523	292,908	213,018

Borrowings are repayable as follows:

	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	121	54,087	—	54,000
Between one and two years	35,069	506,950	35,000	150,500
Between two and five years	580,282	60,022	—	60,000
Greater than five years	60,000	—	60,000	—
Debt issue costs	(16,140)	(9,736)	(1,975)	(4,873)
	659,332	611,323	93,025	259,627

In September 2013 Jerrold Fin Co PLC (a subsidiary of Jerrold Holdings Limited) issued and closed an offering of £200m Senior Secured Notes repayable in 2018. The proceeds were used to repay the amount drawn on the parent company's syndicated loan facility ("bank loans") and to provide additional funding capacity for the Group. At the same time the syndicated loan facility was reduced from £191m to £100m, of which £35m was drawn as at 30 June 2014. Bank loans and senior secured notes are shown net of prepaid fees which are being amortised over the expected duration of the facility and term of the notes respectively.

The loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. They are secured on specific loan assets. The loan notes were extended on the 10 April 2014 to 31 January 2018, conditional upon receiving a prescribed rating by 31 December 2014, with the facility being increased from £373m to £435m and no principle repayments due until 31 January 2017. The balance of £372.3m above is net of prepaid fees which are being amortised over the expected duration of the facility.

Of the subordinated loans, £40m is due to 'D.L. Moser Family Settlement Trust', £8m is due to H.N. Moser, £9.9m is due to Equistone Partners Europe Limited and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax asset/(liability)	
At 1 July 2013	1,257
Charged to profit and loss account	(1,288)
At 30 June 2014	(31)

The group has an unrecognised deferred tax liability of £4,763 (2013: £5,028) on the revaluation of properties.

15. DEFERRED TAXATION (continued)

Deferred tax asset is recognised as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	(139)	(4)
Other timing differences	108	1,261
Deferred tax (liability)/asset	(31)	1,257

16. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
154,690 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
22 A deferred ordinary shares of 0.1 pence each	—	—
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,000	10,000
Issued, allotted and fully paid		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
131,202 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
13 A deferred ordinary shares of 0.1 pence each	—	—
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203
	9,778	9,778

17. RESERVES

	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Group						
At 1 July 2013	17,527	(9,645)	1,300	21	341,934	351,137
Retained profit for the financial year	—	—	—	—	40,644	40,644
At 30 June 2014	17,527	(9,645)	1,300	21	382,578	391,781

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2013	17,527	1,300	58,558	77,385
Retained profit for the financial year	—	—	—	—
At 30 June 2014	17,527	1,300	58,558	77,385

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Retained profit for the financial year	40,644	33,959
Opening shareholders' funds	360,915	326,956
Closing shareholders' funds	401,559	360,915

19. MINORITY INTERESTS

	£'000
At 1 July 2013	246
Profit on ordinary activities after taxation	7
At 30 June 2014	253

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	97,155	87,716
Depreciation of tangible fixed assets	472	821
Profit on disposal of tangible fixed assets	—	(4)
Profit on disposal of current asset investments	—	(3)
(Increase)/decrease in debtors	(96,148)	36,417
Decrease in creditors	(5,142)	(1,033)
Net cash (outflow)/inflow from operating activities	(3,663)	123,914

b) Analysis of net debt

	At 1 July 2013 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 June 2014 £'000
Cash at bank and in hand	12,592	(5,743)	—	6,849
Finance leases	(183)	121	(141)	(203)
Debt due within 1 year	(52,710)	(54,393)	107,103	—
Debt due after 1 year	(558,431)	—	(100,700)	(659,131)
Current asset investments	110	—	—	110
	(611,214)	(54,272)	6,262	(659,224)
Net debt	(598,622)	(60,015)	6,262	(652,375)

20. CASH FLOW INFORMATION (continued)

c) Reconciliation of net cash flow to movement in net debt

	2014 £'000	2013 £'000
Decrease in cash in year	5,743	32,650
Cash inflow/(outflow) from increase/decrease in debt and lease financing	54,272	(85,135)
Cash inflow from movements in current asset investments	—	4
Change in net debt resulting from cash flows	60,015	(52,481)
New finance leases	141	243
Non-cash movements	(6,403)	(9,739)
Movement in net debt in year	53,753	(61,977)
Net debt, beginning of year	598,622	660,599
Net debt, end of year	652,375	598,622

d) Analysis of cash flows

	2014 £'000	2013 £'000
Returns on investments and servicing of finance		
Interest received	92	93
Refinancing costs	(13,655)	(17,348)
Dividends received	1	—
Interest paid	(32,021)	(38,053)
Net cash outflow from returns on investments and servicing of finance	(45,583)	(55,308)

	2014 £'000	2013 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(641)	(2,274)
Sales of tangible fixed assets	60	36
Sales of investment properties	25	11
Net cash outflow from capital expenditure and financial investments	(556)	(2,227)

	2014 £'000	2013 £'000
Management of liquid resources		
Sale of current asset investments	—	4

	2014 £'000	2013 £'000
Financing		
Proceeds from new/(repayment of) borrowings	54,393	(85,026)
Capital element of finance lease payments	(121)	(109)
Net cash inflow/(outflow) from financing	54,272	(85,135)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are group capital expenditure commitments of £nil at 30 June 2014 (2013: £nil).

Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease are as follows:

	2014 £'000	2013 £'000
Land and buildings, lease expiring:		
- within one year	—	59
- after five years	1,046	1,046
	1,046	1,105

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2013: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £578,584 (2013: £576,787).

23. RELATED PARTY TRANSACTIONS

H.N. Moser is a director and shareholder of the company. Blemain Finance Limited, a wholly owned subsidiary of the company, is the principal employer of The Blemain Finance Pension Fund of which H.N. Moser is a trustee and beneficiary. During the year, Blemain Finance Limited entered into transactions, in the ordinary course of business, with The Blemain Finance Pension Fund as follows:

	2014 £'000	2013 £'000
Operating lease costs – Land and buildings	—	300
Payments to The Blemain Finance Pension Fund	—	(300)
	—	—
Amounts due from The Blemain Finance Pension Fund	—	—

The companies listed below are deemed to be related parties with the Group as they are owned by H.N. Moser or the Moser family. The following balances with related parties existed at the year end:

	Balances due to		Balances due from	
Group	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sproston Green Limited	7	7	—	—
Centrestand Limited	—	—	25	19
Charles Street Commercial Investments Ltd	252	—	2	—
Sterling Property Co. Limited	—	—	17	37
	259	7	44	56

23. RELATED PARTY TRANSACTIONS (continued)

Group transactions with related parties during the year were as follows:

	2014 £'000	2013 £'000
Operating lease costs – Land and buildings due to Bracken House Properties LLP	1,106	1,025
Insurance costs due to Bracken House Properties LLP	25	28
Payments from the Group to Bracken House Properties LLP	(1,124)	(1,337)
Introduction fees due from Charles Street Commercial Investments Ltd	(121)	(231)
Introduction fees paid by Charles Street Commercial Investments Ltd	121	231
Service charges and costs paid on behalf of Charles Street Commercial Investments Ltd, Centrestand Limited and Sterling Property Co. Limited	(437)	(11)
Receipts in the Group on behalf of Charles Street Commercial Investments Ltd	367	—
Receipts in Charles Street Commercial Investments Ltd on behalf of the Group	(60)	—
Repayments from the Group to Charles Street Commercial Investments Ltd	(58)	(18)
Repayments to the Group from Charles Street Commercial Investments Ltd, and Sterling Property Co. Limited	452	47
	271	(266)

Prepayments and accrued income (see note 11) include an amount of £277,000 relating to a prepayment of operating lease rentals and insurance costs. Lease commitments of £1,046,000 (see note 21) are between Jerrold Holdings Limited and Bracken House Properties LLP.

Sterling Property Co. Limited provide property management services for properties repossessed or placed into LPA receivership by the Group. During the year, property management fees paid to Sterling Property Co. Limited for these services was £379,121 (2013: £562,000). These fees are applied to customer loan accounts and are not incurred by the Group.

Included in trade debtors (see note 11) is an amount of £296,180 (2013: £881,205) loaned to August Blake Developments Limited, £3,770,286 (2013: £6,270,093) loaned to Sunnywood Estates Limited and £11,537,741 (2013: £10,587,505) loaned to Edgworth Developments Limited, companies in which H N Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

	Balances due from	
	2014	2013
Company	£'000	£'000
Sterling Property Co. Limited	9	9

There were no company transactions with related parties during the current or previous year.

24. CONTROLLING PARTY

Mr. H.N. Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.

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Registered Office of the Company

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£220,000,000

Bracken MidCo plc

%/ % Senior PIK Toggle Notes due 2021

OFFERING MEMORANDUM

Joint Global Coordinators and Joint Bookrunners

Credit Suisse **J.P. Morgan**

Joint Bookrunners

Barclays **HSBC** **Lloyds Bank** **Natixis** **The Royal Bank of Scotland**

, 2016