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

Jerrold FinCo plc

Guaranteed on a senior basis by Jerrold Holdings Limited and certain subsidiaries of Jerrold Holdings Limited

£200,000,000 9¾% Senior Secured Notes due 2018

Jerrold FinCo plc, a public limited company incorporated under the laws of England and Wales (the "Issuer"), is hereby offering £200,000,000 aggregate principal amount of its 9¾% Senior Secured Notes due 2018 (the "Notes"). Interest will be paid on the Notes semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2014. The Notes will mature on September 15, 2018.

The Issuer may redeem some or all the Notes on or after September 15, 2016 at the redemption prices set forth in this offering memorandum. Prior to September 15, 2016, 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 September 15, 2016, the Issuer may also redeem up to 35% of the aggregate principal amount of the Notes using the net proceeds from certain equity offerings at the redemption prices set forth in this offering memorandum, if at least 65% 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 redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

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, 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 Shareholder Loan Notes, will be guaranteed by the Guarantors, will be effectively subordinated to any existing and future indebtedness of the Issuer and its subsidiaries that is secured by property or assets that do not secure the Notes, will be effectively senior to all existing and future obligations of the Issuer that are unsecured or secured by liens junior to the liens securing the Notes to the extent of the value of the property and assets securing such indebtedness, will be effectively subordinated to all obligations of the subsidiaries of the Company that do not guarantee the Notes and will be structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors.

The net proceeds of the Notes will be on-lent to Jerrold Holdings Limited (the "Company"). The Notes will be guaranteed on a senior secured basis by the Company and all subsidiaries of the Company (other than the Issuer) (the "Subsidiary Guarantors" and, together with the Company, the "Guarantors"). The Notes will be secured by first-priority fixed and floating security interests granted on an equal and ratable first-priority basis over the same assets that secure the Revolving Credit Facility and any hedging commitments. See "Summary—The Offering—Security." The guarantee of each Guarantor will be a general obligation of such Guarantor, will, together with their respective obligations under the Revolving Credit Facility and certain hedging obligations, be secured by first-priority liens over the assets securing the Notes, will rank *pari passu* in right of payment with all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such guarantee, including its obligations under the Revolving Credit Facility and certain hedging obligations, will rank senior in right of payment to all future indebtedness of such Guarantor that is subordinated in right of payment to such guarantee, if any, will rank effectively senior to all existing and future obligations of such Guarantor that are unsecured or secured by liens junior to the liens securing the guarantees to the extent of the value of the assets securing the Notes, including the Subordinated Shareholder Loan Notes, will be structurally subordinated to all existing and future indebtedness of any such Guarantor's subsidiaries that do not guarantee the Notes and will be effectively subordinated to all existing and future qualified securitization financings. See "Summary—The Offering—Ranking of the Guarantees." The Notes, the guarantees and the assets securing the Notes and the Guarantees will be subject to restrictions on enforcement and other intercreditor arrangements. See "Description of Certain Financing Arrangements—Intercreditor Agreement."

The Company has in place a Conduit Securitization, pursuant to which certain mortgage loans originated by certain of its operating subsidiaries are sold to Charles Street Conduit Asset Backed Securitisation 1 Limited ("Charles Street ABS"), a bankruptcy-remote special purpose vehicle. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain lenders, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the operating subsidiaries selling the mortgage loans. See "Description of Certain Financing Arrangements—Conduit Securitization." Charles Street ABS will not guarantee the Notes.

There is currently no public market for the Notes. Application has been 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 24.

Price: 100.000% plus accrued interest if any from September 27, 2013.

The Notes and the guarantees have not been, and will not be, registered under the 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." We expect the Notes to be delivered to investors in book-entry form through Euroclear SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about September 27, 2013.

Joint book-running managers

The Royal Bank of Scotland | **Jefferies** | **Lloyds Bank**

The date of this offering memorandum is September 20, 2013

You should rely only on the information contained in this offering memorandum. We have not, and the initial purchasers have not, authorized anyone to provide you with information that is different from the information contained herein. We are 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 Jerrold FinCo plc and "Company" refers only to Jerrold Holdings Limited and not any of its 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 +44-161-956-3200 and our website is *www.jerroldholdings.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 us 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 our 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 our company and the terms of the offering, including the merits and risks involved. In addition, neither we nor any initial purchaser nor any of our or their 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 we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

We accept 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 our 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 our business 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 Banking currently in effect. Although we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information. Euroclear and Clearstream Banking 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. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear or Clearstream Banking 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 us 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."

We cannot guarantee that our 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.

We and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. We 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. We expect 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 Banking. 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 Banking 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 governing the Notes. See “Book-Entry; Delivery and Form.”

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE ROYAL BANK OF SCOTLAND PLC OR ONE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE “STABILIZING MANAGER”) MAY OVER-ALLOT 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 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES, WHICHEVER IS THE EARLIER.

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 New Hampshire Residents Only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR

EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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 which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within that Relevant 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 produce a prospectus for 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 for such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of Notes contemplated in this offering memorandum. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Industry and Market Data

We have generally obtained the market and competitive position data in this offering memorandum from industry publications and from surveys or studies conducted by third-party sources that we believe to be reliable. We cannot assure you of the accuracy and completeness of, and have not independently verified, such information. We do, however, accept responsibility for the correct reproduction of this information.

In many cases, we have made statements in this offering memorandum regarding our industry and 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 has been verified by any independent sources.

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 current economic conditions on our results of operations and financial condition;
- the impact of the downturn in the property market;
- our ability to accurately value properties;
- 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;
- 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 we do not intend, and do 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 us or to persons acting on our 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

Jerrold FinCo plc, the Issuer, is a direct, wholly-owned subsidiary of Jerrold Holdings Limited, the Company. The Issuer was formed under the laws of England and Wales as a private limited company on October 31, 2003 and re-registered under the laws of England and Wales as a public limited company on March 13, 2013 and is a finance company that has not engaged in activities other than those related to the issue of the Notes offered hereby and the making of certain intercompany loans.

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.

Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, is consolidated into the consolidated financial statements of Jerrold Holdings Limited under UK GAAP. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Conduit Securitization."

Financial Statements

This Offering Memorandum presents the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2010, 2011, 2012 and 2013. The audited consolidated financial statements of Jerrold Holdings have been prepared in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP"). See "Listing and General Information."

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. 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, 2010, 2011, 2012 and 2013 were unqualified. The independent auditor's reports for Jerrold Holdings for the years ended June 30, 2010, 2011, 2012 and 2013 are included on pages F-77, F-54, F-31, and F-7, 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 IFRS or U.S. GAAP in this offering memorandum. UK GAAP differs in certain significant respects from IFRS and U.S. GAAP. 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-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 UK GAAP. In this offering memorandum, references to "EBITDA" for the year ended June 30, 2013 for Jerrold Holdings are to profit on ordinary activities after taxation before interest payable and similar charges (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. 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 (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. Prior to the year ended June 30, 2013, the amortization of the finance fees in relation to the Revolving Credit Facility and the Conduit Securitization were expensed to administrative expenses.

In this offering memorandum, references to "Adjusted EBITDA" reflect EBITDA for Jerrold Holdings excluding Charles Street ABS. Adjusted EBITDA is calculated as EBITDA before the removal of interest payable attributable to the Conduit Securitization. Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, 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 Securitization."

We are not presenting EBITDA-based measures as measures of our results of operations. 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 management believes that the presentation of EBITDA-based measures 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.

EBITDA, Adjusted EBITDA, EBITDA margin and leverage and coverage ratios are not measurements of financial performance under 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.

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 UK GAAP and should not be considered as an alternative cash flow measure. Management use this information to monitor the cash flow of the business and believes that such measures are 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 Jerrold Holdings to give pro forma effect to the Revolving Credit Facility Amortization Payment and 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, 2012 for purposes of the calculation of interest payable and (ii) June 30, 2013 for purposes of the calculation of net borrowings 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 data contained in this offering memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.

Terms Relating to Our Loan Analysis

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.

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, are 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, which 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 historically extended to finance the development of land or property into residential units with repayments being made out of the sale of property units. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but underwrite relatively few new development loans. 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 and Harpmanor Limited, which represent 99.6% of our total loan book balances by value as of June 30, 2013. Data referring to the Borrower Group loan portfolio analysis is in reference to the Borrower Group. Data referring to our loan portfolio analysis is presented after suspended income but before provisions for bad and doubtful debts.

In this offering memorandum, a loan is considered performing (or a "performing loan") if it has (i) nil arrears or arrears less than or equal to one month's contractual installment 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, (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, 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 before 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 before 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 before 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, 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, the term "second lien loans" includes second lien loans and also subsequent lien loans. As of June 30, 2013 subsequent lien loans amounted to approximately £2.2 million after suspended income and after provisions for bad and doubtful debts, representing 0.2% of our total loan assets.

The following table provides a reconciliation of our loan portfolio analysis to our total loan assets as of June 30, 2013:

	As of June 30, 2013
	(£ in millions)
Loan portfolio balances of our core operating subsidiaries (as used in our loan portfolio analysis)	992.5
Loan portfolio balances of our non-core operating subsidiaries	3.6
Total loan portfolio balances	996.1
Provisions for bad and doubtful debts on our core operating subsidiaries	(22.4)
Provisions for bad and doubtful debts on our non-core operating subsidiaries	(1.9)
Add back: adjustment for accrued interest[(1)]	8.3
Total loan assets (as shown on our balance sheet)	980.0

(1) Adjustment for accrued interest represents both a part month adjustment for the interest accrued on loan accounts and included in our total loan assets as of June 30, 2013 that is not reflected in our loan portfolio balances as of June 30, 2013 in respect of those loans for which the monthly funding anniversary date in the month of June 30, 2013 was not June 30, 2013, and deferred interest held on our balance sheet in respect of the accounting treatment of products offered with discounted or holiday periods.

Loan to value ratio ("LTV"), 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), compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer 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) and (iii) 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 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. 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, 2013. The calculation of this percentage differs from the calculation of this percentage for the purposes of the covenant described in this offering memorandum under "Description of Notes—Certain Covenants—Maintenance of Eligible Loan Asset Pool" and contained in the indenture governing the Notes.

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.
- "Charles Street ABS" means Charles Street Conduit Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans as part of the Conduit Securitization.
- "Company" means Jerrold Holdings Limited.
- "Conduit Securitization" means the series of agreements, dated November 12, 2007, as amended and restated on August 28, 2012 and from time to time, among, among others, the Company, the Subsidiary Guarantors and Charles Street ABS, establishing a conduit securitization program of certain of our mortgage loans.
- "Equistone" means certain funds managed by and affiliates of Equistone Partners Europe, which are minority shareholders of Jerrold Holdings Limited.
- "Intercreditor Agreement" means the intercreditor agreement, dated November 12, 2007, as amended and restated on August 28, 2012 and from time to time, among, among others, the Issuer, the Company, the Subsidiary Guarantors and certain lenders and creditors.
- "Investors" means Equistone and Standard Life Investments.
- "Issuer" means Jerrold FinCo plc.
- "Jerrold Holdings," "group," "we," "us" and "our" mean the Company and its consolidated subsidiaries, except where the context otherwise requires.
- "Proceeds Loan" means the loan agreement to be entered into between the Issuer, as lender, and Jerrold Holdings Limited, as borrower, pursuant to which the Issuer will loan a portion of the proceeds from the offering of the Notes offered hereby to Jerrold Holdings Limited in order to allow it to prepay all amounts owing under the Revolving Credit Facility. See "Use of Proceeds."
- "Revolving Credit Facility" means the £245 million syndicated revolving credit loan facility, dated November 9, 2007, as amended and restated on August 28, 2012 and from time to time, between, among others, the Company, the Subsidiary Guarantors and certain lenders.
- "Revolving Credit Facility Amortization Payment" means the Revolving Credit Facility amortization payment of £13.5 million made on August 12, 2013.
- "Standard Life Investments" means certain funds managed by Standard Life Investments and certain of its affiliates, which are minority shareholders of Jerrold Holdings Limited.
- "Subordinated Shareholder Loan Notes" means the £60.0 million in outstanding subordinated shareholder loan notes issued to our shareholders.
- "Subsidiary Guarantors" means Blemain Finance Limited, Briar Hill Court Limited, Cheshire Mortgage Corporation Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Heywood Finance Limited, Heywood Leasing Limited, Jerrold Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Monarch Recoveries Limited, North Western Properties & Developments Limited, Privileged Estates Limited, Finance Your Property Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Proactive Bridging Limited, Bridging Finance Limited, Phone-A-Loan Limited, Bridgingfinance.co.uk Limited, Auction Finance Limited, Manchester Property Investments Limited and Provincial & Northern Properties Limited.

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 39 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments underserved by mainstream lenders. Our loans include secured first and second lien loans, of which 84.7% 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 to niche market segments, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through a number of different brands and distribute them through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms and auction houses and, with respect to repeat business, through our sales team. We originate all our mortgage loans and service all our mortgage loans directly. In the year ended June 30, 2013, we had turnover of £121.5 million, and EBITDA of £88.5 million. As of June 30, 2013, we had shareholder reserves, including subordinated debt, in excess of £420 million. As of June 30, 2013, our total loan assets were £0.98 billion, with an average loan value of approximately £39,000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Portfolio Analysis."

As of June 30, 2013, 52.6% of our loan portfolio was classified as retail purpose, 37.6% of our loan portfolio was classified as commercial purpose and 9.8% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as "retail purpose" where the borrower resides in the property (or in at least 40% of the property) securing the loan and which include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases. Retail purpose loans include loans that are regulated by the Financial Conduct Authority (the "FCA") or the Office of Fair Trading ("OFT"). We classify mortgages as "commercial purpose" where the borrower does not reside in the property (or resides in less than 40% of the property) securing the loan and which include loans for investing in property, including in order to lease that property ("buy-to-let"), 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 unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans primarily relate to loans underwritten prior to 2009, and constitute loans to finance the purchase of land, the development of land into residential units or the conversion of existing properties into residential units (houses and flats). As of June 30, 2013, 99.0% of our retail purpose loans, 62.8% of our commercial purpose loans and 91.7% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit and affordability 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"), and security being the adequacy of the property which will serve as security for the loan ("security"). 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 total loan asset audits are conducted annually and semi-annually, pursuant to the terms of certain of our financing arrangements.

The loan to value ratio ("LTV") is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property and (iii) the accrued

interest and fees thereon (after suspended income), compared to the latest appraised value of the property securing the loan. The LTVs of our loan portfolio on a weighted average indexed basis as of June 30, 2013, including and excluding development loans, were 66.1% and 62.3%, respectively, and the LTV on a weighted average basis of new loans underwritten by us in the year ended June 30, 2013 was 52.3%. 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, 2013, 85.7% of our total loan portfolio and 75.5% 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 house prices and economic downturns, thereby minimizing our levels of provisions. For each of the four years ended June 30, 2010, 2011, 2012 and 2013, bad and doubtful debt provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £12.4 million, £11.0 million, £6.5 million and £6.3 million, respectively, representing only 1.1%, 1.0%, 0.6% and 0.6%, respectively, of our average total loan assets. With respect to loans originated between the year ended June 30, 2008 and the year ended June 30, 2011, management estimates that average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group were 91.0%, 93.9%, 83.4% and 67.6% for the group's loan portfolio, first lien loans, second lien loans and development loans, respectively.

We have historically 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 weighted averaged indexed LTV of our loan portfolio. The ratio of net senior secured borrowings to total loan assets was 55.9% as of June 30, 2013. 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 39.9% as of June 30, 2013.

Retail Purpose Lending

As of June 30, 2013, retail purpose loans comprised 52.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 60.0% and a weighted average nominal rate of 11.9%, 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, 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 15.8% and 84.2% of our retail purpose loans, respectively, calculated by value as of June 30, 2013. We offer retail purpose loans principally under two brands: Blemain Finance Limited ("BFL"), which primarily offers second lien mortgages, and Cheshire Mortgage Corporation Limited ("CMCL"), which primarily offers first lien mortgages. BFL also offers medium and long-term commercial purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the Finance and Leasing Association, we believe that our market shares of the first lien and second lien retail purpose lending markets in the United Kingdom were approximately less than 1% and 18%, respectively, as of June 30, 2013.

Commercial Purpose Lending

As of June 30, 2013, commercial purpose loans comprised 37.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 65.6% and a weighted average nominal rate of 13.0%, 36.9% of which are short-term commercial purpose loans and 63.1% 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 65.6% is residential and 34.4% 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 61.2% is residential and 38.8% is commercial and semi-commercial property. Our commercial purpose loans primarily consist of first and second lien loans, which represented 79.8% and 20.2% of our short-term commercial purpose loans, respectively, and 76.8% and 23.2% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2013. We offer commercial purpose loans principally under four brands: Lancashire Mortgage Corporation Limited ("LMCL"), Bridging Finance Limited ("BDFL"), Auction Finance Limited ("AFL") and

BFL. LMCL, BDFL and AFL offer short-term commercial purpose loans. LMCL and BFL offer medium and long-term commercial loans. BFL also offers retail purpose loans. Our LMCL loans are distributed through the broker network, our BDFL loans are distributed through a network of professionals, such as banking, accounting and legal professionals and firms, and our AFL loans are distributed through auction houses. A small portion of our medium and long-term commercial purpose loans is also sold directly to current and previous customers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the National Association of Commercial Finance Brokers, we believe that our market shares of the short-term commercial purpose loan, buy-to-let and other medium and long-term commercial purpose loans markets in the United Kingdom were 3.6%, less than 1% and less than 2%, respectively, as of June 30, 2013.

Development Loans

As of June 30, 2013, development loans comprised 9.8% of our loan portfolio. Development loans are loans that we historically extended to finance the development of land or property into residential units with repayments being made out of the sale of the units. Of our development loans, 93.1% were originated prior to 2009. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but currently underwrite minimal new development loans. In the year ended June 30, 2013, we extended £4.8 million in further advances and have underwritten £0.6 million in new development loans. As of June 30, 2013, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity (the instance in which a property's market value is less than the total owed on all the liens recorded against it) on development loans of £5.9 million and recorded provisions of £7.6 million.

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of June 30, 2013.

	Retail Purpose 52.6%	**Commercial Purpose 37.6%**		**Development 9.8%**
		Short-term Commercial Purpose 36.9%	**Medium and Long-term Commercial Purpose 63.1%**	
Principal Brands	• BFL • CMCL	• LMCL • BDFL • AFL	• LMCL • BFL	• 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 property investors and high net-worth individuals
Regulator	FCA/OFT	Unregulated	Unregulated	Unregulated
Distribution	• Broker network • Direct sales	• Broker network • Professional referrals • Auction houses • Direct sales	• Broker network • Professional referrals • Direct sales	• Direct Sales
Security	• Residential 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	Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Project appraisal

	Retail Purpose 52.6%	Commercial Purpose 37.6%		Development 9.8%
		Short-term Commercial Purpose 36.9%	Medium and Long-term Commercial Purpose 63.1%	
Loan Portfolio Value	• First lien: £82.7 million • Second lien: £439.2 million • Total: £521.9	• First lien: £110.1 million • Second lien: £27.9 million • Total: £138.0	• First lien: £180.9 million • Second lien: £54.8 million • Total: £235.7	• First lien: £74.9 million • Second lien: £22.1 million • Total: £97.0
Number of Loans	• First lien: 1,794 • Second lien: 18,996 • Total: 20,790	• First lien: 920 • Second lien: 273 • Total: 1,193	• First lien: 2,069 • Second lien: 1,198 • Total: 3,267	• First lien: 122 • Second lien: 168 • Total: 290
Weighted Average Indexed LTV	• First lien: 54.6% • Second lien: 61.1% • Total: 60.0%	• First lien: 73.0% • Second lien: 72.5% • Total: 72.9%	• First lien: 62.4% • Second lien: 57.6% • Total: 61.3%	• First lien: 101.2% • Second lien: 100.6% • Total: 101.1%
Weighted Average Nominal Rate	• First lien: 10.8% • Second lien: 12.1% • Total: 11.9%	• First lien: 15.4% • Second lien: 16.2% • Total: 15.6%	• First lien: 11.4% • Second lien: 11.8% • Total: 11.5%	• First lien: 11.8% • Second lien: 11.8% • Total: 11.8%
Average Inception Loan Size	• First lien: £47.4 thousand • Second lien: £24.9 thousand • Total: £26.9 thousand	• First lien: £132.2 thousand • Second lien: £90.3 thousand • Total: £122.6 thousand	• First lien: £92.4 thousand • Second lien: £47.2 thousand • Total: £75.8 thousand	• First lien: £405.7 thousand • Second lien: £59.5 thousand • Total: £205.2 thousand
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: £31.2 thousand • Total: £31.2 thousand	• First lien: £99.2 thousand • Second lien: £143.4 thousand • Total: £103.8 thousand	• First lien: £73.4 thousand • Second lien: £48.0 thousand • Total: £61.9 thousand	• First lien: N/M • Second lien: N/M • Total: N/M
Number of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 1,776 • Total: 1,779	• First lien: 500 • Second lien: 58 • Total: 558	• First lien: 349 • Second lien: 288 • Total: 637	• First lien: N/M • Second lien: N/M • Total: N/M
Value of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: £55.3 million • Total: £55.4 million	• First lien: £49.6 million • Second lien: £8.3 million • Total: £57.9 million	• First lien: £25.6 million • Second lien: £13.8 million • Total: £39.4 million	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 11.4% • Total: 11.4%	• First lien: 16.1% • Second lien: 17.9% • Total: 16.4%	• First lien: 12.5% • Second lien: 12.2% • Total: 12.4%	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average APR of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 14.6% • Total: 14.6%	• First lien: 23.5% • Second lien: 27.9% • Total: 24.2%	• First lien: 14.5% • Second lien: 14.8% • Total: 14.6%	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 57.3% • Total: 57.3%	• First lien: 51.2% • Second lien: 52.8% • Total: 51.4%	• First lien: 44.8% • Second lien: 50.2% • Total: 46.7%	• First lien: N/M • Second lien: N/M • Total: N/M

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, 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."

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including the Subordinated Shareholder Loan Notes, our Revolving Credit Facility and our Conduit Securitization.

As of June 30, 2013, our shareholders' funds were £420.9 million, including £60.0 million outstanding in the Subordinated Shareholder Loan Notes, total commitments available under the Revolving Credit Facility were £204.5 million (£204.5 million drawn) and total commitments available under the Conduit Securitisation Facility were £382.0 million (£382.0 million drawn).

Pursuant to our Conduit Securitization, certain of our operating subsidiaries (the "Originators") sell on a random basis certain of our qualifying mortgage loans to Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the Conduit Securitization, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators. The assets of Charles Street ABS are included within our consolidated accounts.

Qualifying retail purpose and commercial purpose loans eligible to be sold to the Conduit Securitization are selected on a random basis and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to the Conduit Securitization. Of loans underwritten by us since establishing the Conduit Securitization in 2007, approximately 90% have been eligible at origination for sale to Charles Street ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under the Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in the Conduit Securitization, the Originators are obliged to either substitute ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Annual losses recognized on loans repurchased from the Conduit Securitization were approximately £0.4 million between January 1, 2010 and June 30, 2013. Surplus income of the Conduit Securitization, after paying interest and fees in connection with the 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, amounted to an average of £4.3 million a month between September 1, 2012 and June 30, 2013, such amounts thereafter forming part of the collateral securing the financing arrangements of the Borrower Group as described below.

All of our assets, with the exception of the assets held by Charles Street ABS, are the assets of the Borrower Group and are provided as collateral under our secured financing arrangements, including the Revolving Credit Facility, our hedging facilities, our overdraft facilities, the Subordinated Shareholder Loan Notes and our obligations under the Notes. The assets of Charles Street ABS are provided as collateral to holders of notes issued by Charles Street ABS pursuant to the Conduit Securitization and are not provided as collateral under our other financing arrangements listed above nor will they be provided to secure our obligations under the Notes. The Borrower Group will only have a claim on the assets of Charles Street ABS upon the full repayment of the loan notes of the Conduit Securitization. Charles Street ABS has no recourse to the assets of the Borrower Group.

As of June 30, 2013, Charles Street ABS held total loan assets of £499.2 million, had cash of £25.6 million and had net creditors of £3.4 million. As of June 30, 2013, total commitments under the note issuance facility under the Conduit Securitization were £382.0 million and total notes outstanding were £382.0 million. As of June 30, 2013, total subordinated subscription notes outstanding were £139.5 million.

As of June 30, 2010, 2011, 2012 and 2013, Charles Street ABS held total loan assets of £0.50 billion, £0.45 billion, £0.37 billion and £0.50 billion. For additional information in respect of our Conduit Securitization, see "Description of Certain Financing Arrangements—Conduit Securitization." The Borrower Group's total loan assets, as of June 30, 2010, 2011 and 2013 were £0.62 billion, £0.64 billion, £0.65 billion and £0.48 billion, respectively, net of bad and doubtful debt provisions.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion.

The levels of cash generation have been stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million, respectively. Cash receipts expressed as a percentage of total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels.

The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013, comprising: £46.1 million of interest and fees, £110.0 million of principal receipts and £53.5 million surplus income from the Conduit Securitisation. See "Summary—Overview—Our Sources of Funding" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information." As of June 30, 2013, the Borrower Group's total loan assets were £0.48 billion.

Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011 2012, and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013.

The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in the year ended June 30, 2013, resulting in cash available for debt service and originating new loans of £279.3 million for the group and £159.6 million for the Borrower Group.

In the year ended June 30, 2013, the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period, the Borrower Group paid interest costs of £25.0 million.

Our Competitive Strengths

Continuous profitability and track record of resilience in volatile economic environment. We have been profitable since our establishment almost 40 years ago, including throughout the recent financial crisis and economic downturn. In each of the years ended June 30, 2010, 2011, 2012 and 2013, we had turnover of £135.6 million, £130.3 million, £125.6 million and £121.5 million, respectively, and EBITDA of £94.9 million, £91.5 million, £93.5 million and £88.5 million, respectively. As of June 30, 2013, our shareholder funds, including the Subordinated Shareholder Loan Notes, were in excess of £420 million. We also benefit from high visibility of our future earnings and net cash flows.

Specialized secured loan products focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both residential and commercial purposes, primarily secured on residential property, at low LTVs. We identify and operate in niche market segments, which are generally underserved by high street lenders, differentiating ourselves by our loan products, service delivery, underwriting approach and source of introductions. By operating in markets with less competition and only lending at low LTV, we are able to achieve an attractive return to risk profile on our total loan assets. We focus on providing secured loans to home owners, small and medium-sized enterprises ("SMEs"), property investors and high net worth individuals. In the case of homeowners, we offer residential mortgage products that are generally not provided by mainstream lenders, such as smaller value loans or second lien loans or loans that have specific characteristics, such as a right to buy mortgage. Demand exists from customers who, for example, have a first lien mortgage with a lender who does not provide further advances or who are benefiting from a favorable rate on their first lien mortgage, which would be lost on the introduction of a further advance. Some customers may also fall outside the automated scorecard assessment systems of other lenders for a variety of reasons. In such cases, our detailed underwriting methodology 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 the case of commercial purpose loans to SMEs, property investors and high net worth individuals, tailored product characteristics, such as funding for auction purchases and service delivery, such as efficient and timely underwriting, often rank high on our customers requirements as the funding is usually required to complete a business opportunity within a specified timeframe. Such specialization allows us to achieve attractive margins. The weighted average nominal rate and annual percentage rate ("APR") of new loans underwritten by us for the year ended June 30, 2013 was 13.5% and 18.2%, respectively. Our distribution channels, which we believe are both established and diversified, include a broad third-party distribution network established through stable and long-standing relationships with key brokers, referrals from customers and professionals, including lawyers, accountants, bankers and surveyors, and our presence at auction houses, as well as repeat business directly to customers. These relationships have been

further strengthened since the onset of the global financial crisis and the related reduction in the number of competitors that operate within our market segments. 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.

Loan portfolio with a robust security profile. A long-standing, fundamental principle of our group has been lending with security on residential properties and at low LTVs. Approximately 85% of our loans are secured on residential properties and the balance 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. The weighted average indexed LTV of our loan portfolio, as of June 30, 2013, was 66.1% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of June 30, 2013, was 79.3%. 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 each of the years ended June 30, 2007 and 2008 was 65.7% and 62.4%, respectively, and the weighted average LTV of new loans underwritten between the years ended June 30, 2009 and 2013 was 52.9%. The likelihood of a loan having negative equity in the repossession process and the lender incurring a resultant loss decreases the lower the level of origination LTV. In the period leading up to 2008, the mortgage market in the United Kingdom routinely saw loans with LTVs of over 95%. Our policy of lending at low LTVs means that our customers hold higher proportions of equity in their property compared to the customers of lenders who lend at higher LTVs, which mitigates our risk of loss in the event of repossession, and, we believe, provides our customers an incentive to work with us to reach acceptable solutions should they face difficulties meeting their financial obligations in the future. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices and gives us the ability to better withstand volatility in the economic environment, as shown by our modest levels of provisions throughout the recent economic crisis. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of June 30, 2013, using an assumed 20% decline to indexed valuations (which already incorporates movements in Halifax property indices from a peak in August 2007 to current values, of 15.4%) on a loan by loan analysis, then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £51.9 million and £42.5 million, respectively, would result, representing only 12.3% of our cumulated shareholder reserves, including subordinated debt, of £420.9 million and 15.1% of the Borrower Group's cumulated shareholder reserves, including shareholder debt, of £281.4 million, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities." Our rights to conduct a repossession or a LPA receivership are the same irrespective of whether the loan is secured by a first or second lien and, in the case of second lien loans, the consent of the first lien holder is not required.

Strong underlying asset backing. We have historically reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders. This is in addition to the protection afforded by the weighted averaged indexed LTV of our loan portfolio. The ratio of net senior secured borrowings to total loan assets was 56.6% for the group and 41.3% for the Borrower Group, as of June 30, 2013 on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and use of proceeds therefrom. The ratio of net senior secured borrowings to value of total underlying security, which is calculated as the LTV of the loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets, was 37.5% for the group and 32.8% for the Borrower Group, as of June 30, 2013 on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and use of proceeds therefrom.

Highly cash generative. The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion. The levels of cash generation have been very stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million, respectively. Cash receipts expressed as a percentage of average total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels. The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013, comprising: £46.1 million in interest and fees, £110.0 million in principal receipts and £53.5 million surplus income from the Conduit Securitization. See "Summary—Overview—Our Sources of Funding." Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011, 2012 and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts for the Borrower

Group expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013. The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in the year ended June 30, 2013, resulting in cash available for debt service and writing new business of £279.3 million for the group and £159.6 million for the Borrower Group. In the year ended June 30, 2013 the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period, the Borrower Group paid interest costs of £25.0 million. The group and Borrower Group had surplus cash flow after all obligations, calculated on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and the use of proceeds therefrom, of £219.0 million and £134.5 million, respectively, with which to underwrite new business. We are able to effectively manage our liquidity by controlling the amount of new business we write in any given period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information."

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 all our internal policies and regulatory requirements. Due to our active management of arrears, in addition to 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 only amounted to approximately 1% of our average total loan assets and in the year ended June 30, 2013 amounted to 0.6% of our average total loan assets. 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. Between 2009 and 2011, we invested in developing a 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 and 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 the introduction of such measures 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 12 months of loan origination) decreased from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011. We believe that our close management of accounts ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of June 30, 2013, of our contractual arrears greater than one month's contractual installment, which represented approximately 28.7% of our loan portfolio and 55.7% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 58.6% and 52.1% 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.

Diversified funding. We have diversified sources of funding, including cash from operations, our Revolving Credit Facility, our Conduit Securitization, our Subordinated Shareholder Loan Notes and equity from our shareholders. We have long-standing relationships with our existing lending group for our Revolving Credit Facility and our Conduit Securitization. Our lenders were supportive through the global financial crisis and in August 2012 extended the maturity of our Revolving Credit Facility to August 2015 and our Conduit Securitization to July 2015 on terms that we believe are favorable. Following the offering of the Notes and the use of the proceeds therefrom, including to prepay certain amounts owing under our Revolving Credit Facility, £100.0 million will be committed under our Revolving Credit Facility.

Strong governance structure, risk and compliance control. 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. As part of our governance and management structure, we have a three-tiered risk management framework, the "3 Lines of Defence" model, to help ensure that risk management and adherence to regulatory compliance is integral to all business activities and decision-making processes. The first line of defense comprises all managers and staff, including the Chief Executive Officer, as well as our operational committees, including the Executive, Treating Customers Fairly ("TCF") and Fraud Committees and the Credit Risk Arrears Forum. The second line of defense comprises risk, compliance, legal and financial control functions, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees. The third line of defense includes our internal audit function, our Audit, Risk and Compliance Committee, and the Board of Directors. In addition, annual and semi-annual external audits of our total loan

assets and our underwriting and collections procedures are undertaken, pursuant to the terms of certain of our financing arrangements. 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 schemes. Moreover, we have already introduced a significant number of the policies, processes and competencies currently applied to our first lien FCA regulated business to our second lien mortgage business in line with what we believe will be required as the regulation of such business is transferred from the OFT to the FCA in April 2014. We believe that we are therefore well positioned to manage this transition.

Experienced, long-serving and proven senior management team. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Mr. Moser has successfully recruited a senior management team, including a number of non-executive directors whom have extensive industry experience. The average length of service of our executive board members is 22 years, and the average length of service of our heads of department is ten years. In addition, a number of our non-executive directors have extensive industry knowledge. Our year-on-year profit 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 economic environment of the past five years. In addition to having an experienced senior management team, we also have recently made several new senior management appointments in the evolving areas of regulatory compliance, corporate governance and treasury to ensure that we are appropriately resourced to deliver our future strategy.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs, as well as traditional security such as residential housing stock, in providing mortgage loans. Over the past five 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 amount of loans experiencing arrears greater than three months contractual installments within 12 months of funding decreasing from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011, and we expect that a continued focus on such policies will help us to maintain lower delinquency levels. We intend to target an average of origination LTVs of between 50% and 60% for new loans secured primarily by residential properties.

Maintain our loan portfolio mix and continue to differentiate our offerings. We intend to maintain our loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. We also intend to continue to moderately grow our loan portfolio using our well established distribution channels across the United Kingdom. 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 relationships with our brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings will continue to make us an attractive business partner to brokers and others who introduce business to us as well as allow us to secure margins that are higher than those available in non-niche market segments.

Moderately grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market and we believe that the volume of loans we are able to originate is primarily limited by the amount of funding available to us. The market in the United Kingdom for retail purpose and commercial purpose mortgages continues to have limited liquidity and thus provides significant opportunities. Since the onset of the global financial crisis, the number of competitors in our market segments has fallen considerably and high street lenders have not been lending to applicants from certain pools, which has allowed us to widen our customer base and to improve the credit quality of the loans we underwrite. We intend to grow our loan portfolio moderately by continuing to identify demand for current and future product offerings and by diversifying our sources of funding and increasing the total amount of capital at our disposal. We believe it is strategically important to continue to increase the sources of financing at our disposal, including through the issuance of the Notes offered hereby.

Trading Update

Turnover and EBITDA for July 2013 are in line with turnover and EBITDA for the six months ended June 30, 2013. We underwrote an average of £19.0 million in loans per month in July and August 2013, which is slightly higher in comparison with new loans underwritten per month in the prior six months.

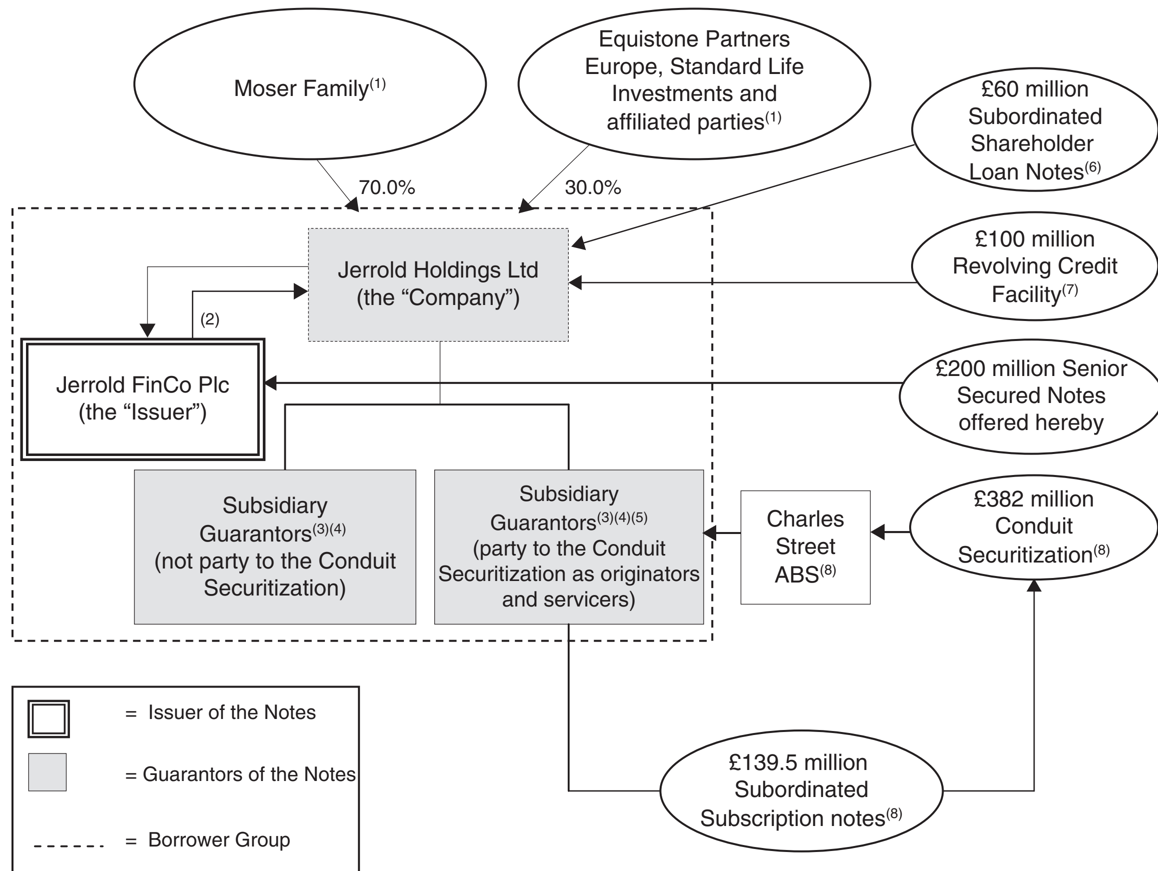
On August 12, 2013, we made an amortization payment on our Revolving Credit Facility in the amount of £13.5 million.

About Jerrold Holdings

Jerrold Holdings was founded in 1974 under the name of the Blemain Group. 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. The Issuer was formed under the laws of England and Wales as a private limited company on October 31, 2003 and re-registered under the laws of England and Wales as a public limited company on March 13, 2013, with registered number 04949914. 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 our corporate and financing structure on a consolidated pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of the proceeds therefrom. The diagram does not include all entities in our group, nor does it show all liabilities in our group. For a summary of the material financing arrangements identified in the diagram, see "Description of Certain Financing Arrangements" and "Description of Notes."



(1) For additional information in respect of our shareholders and our Shareholders Agreement, see "Shareholders."

(2) The proceeds of the Notes offered hereby will be on-lent by the Issuer to the Company pursuant to the Proceeds Loan in the amount of £200.0 million. See "Use of Proceeds." The rights of the Issuer in the Proceeds Loan will be pledged in favor of the Security Agent and comprise part of the Collateral. See "Description of Notes—Security—General."

(3) All subsidiaries are direct wholly-owned subsidiaries other than Spot Finance, which is indirectly held through Blemain Finance Limited, and Heywood Finance and Heywood Leasing, which are 90% owned by the Company. The remaining 10% of Heywood Finance and Heywood Leasing are owned by a director of these subsidiaries. All Subsidiary Guarantors are controlled by the Company and are fully consolidated into our audited consolidated financial statements. We exercise control over the financial and operational policies of all of the Subsidiary Guarantors to the extent permitted by law.

(4) All subsidiaries of the Company other than the Issuer are Subsidiary Guarantors. As of and for the year ended June 30, 2013, the EBITDA and shareholders' funds for the Issuer and the Guarantors were £71.9 million and £221.4 million, respectively, representing 81.2% and 61.3% of our EBITDA and shareholders' funds, respectively. As of and for the year ended June 30, 2013, the Issuer, the Guarantors and Charles Street ABS represented 100% of our consolidated EBITDA and 100% of shareholders' funds. Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, 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 Securitization." Charles Street ABS will not guarantee the Notes.

(5) Most of our operating subsidiaries sell certain of their mortgage loans to Charles Street ABS in connection with the Conduit Securitization 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 Securitization. See "Description of Certain Financing Arrangements—Conduit Securitization."

(6) As of June 30, 2013, we had £60.0 million outstanding in Subordinated Shareholder Loan Notes. Of these Subordinated Shareholder Loan Notes, £40.0 million is due to D.L. Moser Family Settlement Trust, a trust for the family of Henry Moser, £8.0 million is due to Henry Moser, £9.9 million is due to Equistone and £2.1 million is due to Standard Life Investments. The Subordinated Shareholder Loan Notes are secured on a junior basis over the assets securing the Notes. For more information on our Subordinated Shareholder Loan Notes, see "Description of Certain Financing Arrangements—Subordinated Shareholder Loan Notes."

(7) We intend to use the proceeds from the offering of the Notes to prepay all amounts owing under the Revolving Credit Facility and to pay fees and expenses incurred in connection with the offering of the Notes. As of September 11, 2013, £191.0 million was drawn and outstanding under the Revolving Credit Facility. Following such prepayment, the total commitments available under the Revolving Credit Facility will be reduced to £100.0 million, of which we expect £0.0 million to be drawn and outstanding.

(8) In connection with the Conduit Securitization, Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, purchases a portion of our mortgage loans from certain of our operating subsidiaries. As of June 30, 2013, mortgage loans owned by Charles Street ABS totaled £499.2 million. Charles Street ABS finances the purchase of loans from borrowings funded through the issuance of notes under a note issuance facility, which expires on July 31, 2015, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to the Borrower Group. Total commitments available under the note issuance facility were originally £395.5 million. Total commitments decrease by £4.5 million each quarter until July 2014, at which point it will begin to fully amortize. As of June 30, 2013, total commitments were £382.0 million and total notes outstanding under the note issuance facility were £382.0 million. As of June 30, 2013, £139.5 million in subordinated subscription notes were outstanding. Mortgage loans that constitute qualifying assets under the Conduit Securitization are selected to be sold to Charles Street ABS based on a random basis. Charles Street ABS does not have recourse to the assets of the Borrower Group. See "Description of Certain Financing Arrangements—Conduit Securitization."

The Offering

The following summary of the offering contains basic information about the Notes, the guarantees 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 and the guarantees, including certain definitions of terms used in this summary, see "Description of Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement."

Issuer .... Jerrold FinCo plc, a wholly owned finance subsidiary of Jerrold Holdings.

Notes Offered .... £200,000,000 aggregate principal amount of its 9¾% Senior Secured Notes due 2018.

Issue Date .... September 27, 2013.

Maturity Date .... September 15, 2018.

Interest Payment Dates .... Semi-annually in arrears on each March 15 and September 15, commencing March 15, 2014. Interest will accrue from the issue date of the Notes and will be payable in cash.

Issue Price .... 100.000% plus accrued interest, if any, from the issue date.

Denominations .... The Notes will have minimum denominations of £100,000 and integral multiples of £1,000 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 obligations of the Issuer;
- will, together with certain obligations under the Revolving Credit Facility and certain hedging obligations, be secured by first-priority liens over the collateral;
- 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, including indebtedness incurred under the Revolving Credit Facility and certain hedging obligations;
- 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 Shareholder Loan Notes;
- will be guaranteed by the Guarantors;
- will be effectively subordinated to all existing and future indebtedness that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness;
- will be effectively senior to all existing and future obligations of the Issuer that are unsecured or secured by liens junior to the liens securing the Notes to the extent to the value of the collateral, including the Subordinated Shareholder Loan Notes, which are secured on a junior basis over the assets securing the Notes;
- will be effectively subordinated to all obligations of the Company's subsidiaries that are not Guarantors and all existing and future qualified securitization financings, including the Conduit Securitization; and

- will be structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors.

Guarantees	The obligations of the Issuer under the Notes and under the indenture governing the Notes will be guaranteed by the Company and all subsidiaries of the Company other than the Issuer (collectively, the "Subsidiary Guarantors" and, together with the Company, the "Guarantors"). Charles Street ABS will not guarantee the Notes. See "Description of Notes—Note Guarantees."
Ranking of the Guarantees	The guarantee of each Guarantor: • will be a general obligation of that Guarantor; • will, together with the obligations under the Revolving Credit Facility and certain hedging obligations be secured by first-priority liens over the collateral; • will rank *pari passu* in right of payment with all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Note guarantee, including the obligations under the Revolving Credit Facility and certain hedging obligations; • will rank senior in right of payment to all future indebtedness of such Guarantor that is subordinated in right of payment to such Note guarantee, if any; • will rank senior to all existing and future obligations of such Guarantor that are unsecured or secured by liens junior to the liens securing the guarantees to the extent of the value of the collateral, including the Subordinated Shareholder Loan Notes; • will be structurally subordinated to all existing and future indebtedness of any Guarantor's subsidiaries that do not guarantee the Notes; and • will be effectively subordinated to all existing and future qualified securitization financings, including the Conduit Securitization.
Security	The Notes and the guarantees of the Notes will be secured by first-priority fixed and floating security interests in: • all of the issued capital stock in the Issuer and each Guarantor (other than the Company); • substantially all of the existing and future property and assets of the Issuer and the 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 securitization assets); • an assignment of the Proceeds Loan; • an assignment by way of security over the Standby Servicing Agreement; and • any additional security interests that may in the future be pledged to secure obligations under the Notes, the guarantees and the indenture. Any security granted by the Issuer and certain Guarantors 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 guarantees of the Notes or the security interests of the Notes, may adversely affect the validity and enforceability of the guarantees and the security interests and may limit the amount that can be recovered under the guarantees and the security interests granted by the Company and its Subsidiaries."

The assets securing the Notes will also secure the Revolving Credit Facility, any hedging obligations and the Subordinated Shareholder Loan Notes. The Revolving Credit Facility and any hedging obligations will be secured on an equal and ratable basis on the assets securing the Notes and may be released under certain circumstances. See "Risk Factors—Risks Relating to the Notes—The liens over the collateral securing the Notes could be released in certain circumstances without the consent of the holders of the Notes," "Description of Certain Financing Arrangements—Intercreditor Agreement" and "Description of Notes—Security."

The Notes will not be secured by assets of Charles Street ABS.

Use of Proceeds .... We intend to use the proceeds from the offering of the Notes to prepay all amounts owing under the Revolving Credit Facility and to pay fees and expenses incurred in connection with the offering of the Notes. See "Use of Proceeds."

Optional Redemption .... At any time prior to September 15, 2016, 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 September 15, 2016 at the redemption prices described under "Description of Notes—Optional Redemption."

Prior to September 15, 2016, the Issuer, at its option, may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 35% of the principal amount of each of the Notes at a redemption price equal to 109.750% 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 65% 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 in respect of the Notes or with respect to any guarantee 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 is required by law, subject to certain exceptions, the Issuer or the relevant Guarantor, as applicable, will pay additional amounts so that the net amount each holder of the Notes receives is no less than that which the holders would have 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 or any Guarantor 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 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 interest to the date of such repurchase. See "Description of Notes—Repurchase at the Option of Holders—Change of Control."

Certain Covenants .... The indenture governing the Notes will limit, among other things, the ability of the Company 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;
- amend certain documents; and
- impair the security interests for the benefit of the holders of the Notes.

In addition, the indenture governing the Notes will require the Company to maintain certain ratios with respect to the origination LTV of its non-securitization net loan assets and the amount of principal losses with respect to written-off loans.

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

Notice to Investors .... The Notes and the guarantees 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." We have not agreed, or otherwise undertaken, to register the Notes (including by way of an exchange offer).

Absence of a Public Market for the Notes .... The Notes will be new securities for which there is currently no market. Although the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing	Application has been made 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.
Trustee	Deutsche Trustee Company Limited.
Security Agent	The Royal Bank of Scotland plc.
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 governing the Notes and the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement, the security documents and the Proceeds Loan are or 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 as of and for the years ended June 30, 2010, 2011, 2012 and 2013 have been derived from the audited consolidated financial statements of Jerrold Holdings as of and for the years ended June 30, 2010, 2011, 2012 and 2013, which were prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

This offering memorandum includes unaudited pro forma consolidated financial information of Jerrold Holdings to give pro forma effect to the Revolving Credit Facility Amortization Payment and 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 Jerrold Holdings would have reported had the offering been completed as of (i) July 1, 2012 for purposes of the calculation of interest payable and (ii) June 30, 2013 for purposes of the calculation of net borrowings and should not be taken as indicative of Jerrold Holdings' future consolidated results of operations or financial position. The historical results of Jerrold Holdings may not be indicative of Jerrold Holdings' 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.

The unaudited pro forma consolidated financial information 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 and the Issuer included elsewhere in this offering memorandum.

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

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, 2010, 2011, 2012 and 2013 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-UK GAAP)" and "Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis."

	As of and for the year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands, except where otherwise indicated)			
Profit and loss account data:				
Turnover	135,619	130,320	125,629	121,516
Cost of sales	(4,445)	(4,396)	(5,163)	(3,532)
Gross profit	131,174	125,924	120,466	117,984
Administrative expenses	(37,203)	(35,315)	(28,086)	(30,268)
Operating profit	93,971	90,609	92,380	87,716
(Loss)/gain on sale of investment properties	—	(54)	—	5
Interest payable and similar charges	(49,892)	(51,551)	(47,393)	(42,652)
Interest receivable and similar income	36	66	68	93
Profit on ordinary activities before taxation	44,115	39,070	45,055	45,162
Tax on profit on ordinary activities	(12,283)	(11,117)	(13,444)	(11,180)
Profit on ordinary activities after taxation	31,832	27,953	31,611	33,982
Minority interests	22	16	(34)	(23)
Retained profit for the financial year	31,854	27,969	31,577	33,959
Balance sheet data (at period end):				
Fixed assets	1,136	1,044	2,711	4,375
Debtors: due within one year	350,724	333,846	312,153	292,147
Debtors: due after one year	775,731	754,656	708,321	692,055
Cash at bank and in hand	6,542	4,711	45,242	12,592
Creditors: amounts falling due within one year	(432,892)	(364,300)	(682,710)	(82,976)
Creditors: amounts falling due after more than one year	(438,000)	(438,000)	(60,030)	(558,523)
Shareholders' funds	267,410	295,379	326,956	360,915
Cash flow data:				
Net cash inflow from operating activities	111,649	123,114	155,091	123,914
Returns on investments and servicing of finance	(49,663)	(51,506)	(46,918)	(55,308)
Taxation	(16,657)	(12,225)	(9,900)	(13,898)
Capital expenditure and financial investment	(93)	(276)	(1,901)	(2,227)
Financing and the management of liquid resources	(37,247)	(60,938)	(55,841)	(85,131)
Increase/(decrease) in cash in the year	7,989	(1,831)	40,531	(32,650)

	As of and for the year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands, except where otherwise indicated)			
Statistical data:				
Total loan assets[(1)]	1,121,271	1,084,189	1,016,957	979,983
Yield spread[(2)]	4.7%	3.8%	3.9%	4.4%
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	59.9%	60.3%	58.5%	57.9%
LTV of loan portfolio (on a weighted average indexed basis)	71.0%	71.1%	69.2%	66.1%
Other financial data:				
EBITDA[(3)]	94,943	91,478	93,459	88,542
EBITDA margin[(3)]	70.0%	70.2%	74.4%	72.9%
EBITDA to interest payable	1.90x	1.77x	1.97x	2.08x
Total borrowings[(4)]	835,500	781,000	726,500	646,500
Net borrowings[(4)]	816,116	757,022	660,660	608,284
Net senior secured borrowings[(4)]	756,116	697,022	600,660	548,284
Ratio of net senior secured borrowings to total loan assets[(1)(4)]	67.4%	64.3%	59.1%	55.9%
Ratio of net borrowings to total loan assets[(1)(4)]	72.8%	69.8%	65.0%	62.1%
Ratio of net senior secured borrowings to value of total underlying security[(4)(6)]	47.9%	45.7%	40.9%	37.0%
Ratio of net borrowings to value of total underlying security[(4)(6)]	51.7%	49.7%	45.0%	41.0%

Pro forma financial data:	
Pro forma net borrowings[(4)]	615,084
Pro forma net senior secured borrowings[(4)]	555,084
Pro forma cash interest payable[(5)]	40,040
Ratio of EBITDA to pro forma cash interest payable[(3)(5)]	2.21x
Ratio of pro forma net senior secured borrowings to total loan assets[(1)(4)]	56.6%
Ratio of pro forma net borrowings to total loan assets[(1)(4)]	62.8%
Ratio of pro forma net senior secured borrowings to value of total underlying security[(4)(6)]	37.5%
Ratio of pro forma net borrowings to value of total underlying security[(4)(6)]	41.5%
Ratio of pro forma net senior secured leverage[(7)]	6.27x
Ratio of pro forma net leverage[(7)]	6.95x

	As of and for the year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands, except where otherwise indicated)			
Statistical and other financial data of the Borrower Group:				
Borrower Group total loan assets[9]	621,656	635,728	647,396	480,751
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	65.2%	64.8%	61.3%	63.1%
LTV of loan portfolio (on a weighted average indexed basis)	80.4%	80.5%	76.0%	79.3%
Adjusted EBITDA[3]	83,481	78,041	81,439	71,916
Adjusted EBITDA margin[3]	67.2%	66.8%	71.7%	68.6%
Interest payable	38,429	38,113	35,374	26,026
Adjusted EBITDA to interest payable	2.17x	2.05x	2.30x	2.76x
Total borrowings[4]	438,000	438,000	438,000	264,500
Net borrowings[4]	431,458	433,289	392,758	251,908
Net senior secured borrowings[4]	371,458	373,289	332,758	191,908
Ratio of net senior secured borrowings to total loan assets[4][9]	59.8%	58.7%	51.4%	39.9%
Ratio of net borrowings to total loan assets[4][9]	69.4%	68.2%	60.7%	52.4%
Ratio of net senior secured borrowings to value of total underlying security[4][12]	48.0%	47.3%	39.1%	31.6%
Ratio of net borrowings to value of total underlying security[4][12]	55.8%	54.9%	46.1%	41.5%
Pro forma financial data of the Borrower Group[8]:				
Pro forma Adjusted EBITDA[3][13]				71,352
Pro forma net borrowings[10]				258,708
Pro forma net senior secured borrowings[10]				198,708
Pro forma cash interest payable[11]				22,850
Ratio of pro forma Adjusted EBITDA to pro forma cash interest payable[3][11][13]				3.12x
Ratio of pro forma net senior secured borrowings to Borrower Group total loan assets[9][10]				41.3%
Ratio of pro forma net borrowings to Borrower Group total loan assets[9][10]				58.3%
Ratio of pro forma net senior secured borrowings to value of total underlying security[10][12]				32.8%
Ratio of pro forma net borrowings to value of total underlying security[10][12]				42.7%
Ratio of pro forma net senior secured leverage[7][8]				2.78x
Ratio of pro forma net leverage[7][8]				3.63x

(1) Total loan assets represents 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 which is described as Trade debtors in our financial statements.

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

(3) EBITDA is profit on ordinary activities after taxation before interest payable and similar charges (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. Accordingly, EBITDA can be extracted from our audited consolidated financial statements by taking profit on ordinary activities after taxation and adding back interest payable and similar charges (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. EBITDA margin is calculated as EBITDA divided by turnover. Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, 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 Securitization." In the case of the Borrower Group, 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 interest attributable to the Conduit Securitization. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by turnover (excluding interest costs attributable to the Conduit Securitization).

EBITDA-based measures are not measurements of financial performance under 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 governing the Notes.

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

	Year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands)			
Profit on ordinary activities after taxation	31,832	27,953	31,611	33,982
Add back:				
Interest payable and similar charges[(a)]	49,892	51,551	47,393	42,652
Interest receivable and similar income	(36)	(66)	(68)	(93)
Finance charges[(b)]	606	605	787	0
Tax on profit on ordinary activities	12,283	11,117	13,444	11,180
Depreciation	366	318	292	821
EBITDA	94,943	91,478	93,459	88,542
Conduit interest[(c)]	(11,462)	(13,437)	(12,020)	(16,626)
Adjusted EBITDA	83,481	78,041	81,439	71,916
EBITDA				88,542
Pro forma conduit interest[(d)]				(17,190)
Pro forma Adjusted EBITDA				71,352

(a) In the case of the Borrower Group, interest payable and similar charges were £38,430 thousand, £38,114 thousand, £35,373 thousand and £26,026 thousand for the years ended June 30, 2010, 2011, 2012 and 2013, respectively.

(b) In the year ended June 30, 2013, finance charges are included in interest payable and similar charges.

(c) Conduit interest represents interest paid on notes issued under the Conduit Securitization. The notes mature monthly and are issued at a discount representing a return to the note purchasers equal to an amount not less than the aggregate of a base cost, depending on the lender, and a certain margin. For further information on the note issuance facility, see "Description of Certain Financing Arrangements—Conduit Securitization—Amended and Restated Note Issuance Facility Agreement."

(d) Pro forma conduit interest represents annualized conduit interest, adjusted for the refinancing of and increase in commitments available to us under the Conduit Securitization in August 2012.

(4) Total borrowings represent our total indebtedness, which is calculated as amounts outstanding under the Revolving Credit Facility, the Subordinated Shareholder Loan Notes and notes issued under the Conduit Securitization. Net borrowings represent total borrowings less cash at hand and in bank and cash in the Conduit Securitization. Net senior secured borrowings represent net borrowings, less the Subordinated Shareholder Loan Notes. Pro forma net borrowings represent net borrowings as adjusted to give effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of the proceeds therefrom as set forth in "Use of Proceeds." Pro forma net senior secured borrowings represent pro forma net borrowings, less the Subordinated Shareholder Loan Notes. In the case of the Borrower Group, total borrowings, net borrowings, net senior secured borrowings, pro forma net borrowings and pro forma net senior secured borrowings, represent those data as described above, excluding Charles Street ABS borrowings.

(5) Pro forma cash interest payable represents interest payable as adjusted to reflect the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of the proceeds therefrom as described under "Use of Proceeds" as though the offering of the Notes and the use of the proceeds therefrom had taken place on July 1, 2012, and includes pro forma interest based on the balances for the Revolving Credit Facility, the Conduit Securitization, the Subordinated Shareholder Loan Notes and the Notes. Fees in relation to this offering and the refinancing of certain of our financing arrangements in August 2012 have been excluded from the calculation of pro forma cash interest payable, as has the impact of the historic interest rate swaps that were in place in 2012 and which have now matured. With respect to the Notes, interest payable is calculated based upon an assumed rate.

(6) Ratio of net 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 borrowings to total loan assets. 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. Ratio of pro forma net 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 pro forma net borrowings to total loan assets. Ratio of pro forma 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 pro forma net senior secured borrowings to total loan assets.

(7) Pro forma net senior secured leverage is calculated as pro forma net senior secured borrowings divided by pro forma EBITDA. Pro forma net leverage is calculated as pro forma net borrowings divided pro forma EBITDA.

(8) Pro forma Borrower Group metrics as of and for the year ended June 30, 2013 reflect the impact of the refinancing in August 2012 and the cessation of the amortization of the Revolving Credit Facility. During the year ended June 30, 2013, total loan assets held by the Borrower Group reduced from £0.65 billion to £0.48 billion and the amount drawn under the Revolving Credit Facility reduced from £378.0 million to £204.5 million.

(9) Borrower Group total loan assets represents total loan assets excluding the value of loans (after suspended income and after deducting provisions for bad and doubtful debts) owned by Charles Street ABS.

(10) Pro forma net borrowings, in the case of the Borrower Group, represents pro forma net borrowings, less notes issued by Charles Street ABS. Pro forma net senior secured borrowings, in the case of the Borrower Group, represents pro forma net borrowings, less the Subordinated Shareholder Loan Notes and notes issued by Charles Street ABS.

(11) Pro forma cash interest payable, in the case of the Borrower Group, represents pro forma cash interest payable less pro forma cash interest payable on notes issued by Charles Street ABS.

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

(13) Pro forma Adjusted EBITDA is calculated as Adjusted EBITDA, revised on a pro forma basis to give effect to the offering of the Notes and the use of the proceeds therefrom as set forth in "Use of Proceeds" as though the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of the proceeds therefrom had taken place on July 1, 2012, and includes pro forma interest based on the balances for the Revolving Credit Facility, the Conduit Securitization, the Subordinated Shareholder Loan Notes and the Notes.

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 our ability to service our debt, including the Notes.

Risks Relating to Our Business

A further deterioration of 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 inflation, 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. Continued adverse economic conditions could further impact demand for housing, the cost of construction and other related factors that could adversely affect our turnover.

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, again potentially affecting our customers. Moreover, rising 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 further 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 turnover.

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 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 due to lower redemption receipts and therefore have less cash with which to underwrite new business. Our profitability could also be adversely affected as a result of fewer redemption fees and fewer upfront fees and by reducing the rate at which we replace existing loans with loans with potentially better credit quality and higher nominal rates. A deterioration of the economic environment could therefore have material adverse effect on our business, results of operations and financial condition.

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. 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.

Continued 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. The adverse economic conditions affecting the United Kingdom have had a negative impact on the mortgage market, resulting in, among other things, a general decline in the net worth of homeowners and property values. Continued deterioration or a slowness of recovery in the mortgage market may 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.

Housing prices in many parts of the United Kingdom have declined after extended periods of significant appreciation. Falling housing prices result in lower home equity, higher LTVs, lower recoveries in repossessions and an increase in loss severities. Falling housing prices means that homeowners may have less equity in their homes, which is the amount by which the market value of a house exceeds the balance of the outstanding mortgage or mortgages on such house, and therefore a reduced ability to use their homes to secure new financing. A reduction in successful loan applications could reduce the number of new mortgage loans we originate.

Moreover, as the amount of equity that mortgage borrowers hold in their homes 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 housing prices would adversely affect in particular the portion of our total loan assets with higher LTVs.

If we are unable to effectively control our level of delinquencies in the future, or if our loan loss reserves are insufficient to cover future loan losses, our business, results of operations and financial condition may be materially adversely affected.

An increase in delinquencies can reduce our interest income 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 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 further deterioration of the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition" and "—Continued 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 provision for loan loss will be sufficient to cover future losses. If we are unable to effectively control our level of delinquencies in the future, or if our loan loss reserves 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 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 to prior valuations of both our residential and commercial properties, as property values in the United Kingdom continue to experience volatility, we cannot be sure that our property valuations are accurate when they are completed or that they will remain accurate in the future. 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, 2013, we had a total of £97.0 million in development loans, comprising loans extended to finance the development of land or property into residential units with payments being made out of the sale of property units. Most of these comprise loans extended in 2006 and 2007, secured by properties for which construction is finished and such properties are being actively marketed. Although we have made provisions for our expected exposure to negative equity under these loans (assuming an orderly sale process over a period of time), we cannot assure you that these provisions are correct.

We depend on the accuracy and completeness of information about customers, and any misrepresented information could adversely affect our business, results of 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 that we use in making lending decisions and agreeing to loan modifications, such as income 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, identity theft in the financial services sector is a threat for lenders and borrowers that is increasing and becoming increasingly more sophisticated. 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. The fraud detection controls and processes that we have put in place to aid us in identifying misrepresented information in our loan origination processes are intended to obtain reasonable assurance that such information is identified and addressed appropriately. We, however, may not have detected or may not detect all misrepresented information in our loan origination processes. Any such misrepresented information could adversely affect our business, results of operations and financial condition.

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, "—Risks Relating to Our Business—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, 2013, 68.7% of the loans 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 distribute our loans choose not to distribute our loans, 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, regulations of the FCA, the Consumer Credit Act 1974 and the regulations in connection therewith. 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 competitor numbers have reduced in light of recent economic conditions, markets may be improving. If markets were to improve to the point that these markets became popular once again, 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. In order to remain competitive, we continuously need to identify trends in demand for alternative products within the mortgage market. Technological advances and 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.

Fluctuations in interest rates and general economic conditions may also affect our competitive position. During periods of declining interest rates, 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 and identify new lending trends of which we can take advantage, our business, results of operations and financial condition could be materially adversely affected.

If we fail to comply with legal or 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 our business operations are regulated by, among others, the FCA and the OFT.

Certain of the activities in which we are engaged are regulated by the FCA, including arranging and advising on regulated mortgage contracts and entering into and administering the same. See "Regulation—FCA Authorization." The FCA has prescribed rules, principles and guidance (the "FCA Rules") in accordance with which certain of our mortgage lending 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 requirements on us. Our "treating customers fairly" obligation requires us, among other things, to demonstrate that senior management are taking responsibility for ensuring that we and our staff at all levels deliver the consumer outcomes relevant to our business 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 (known as "approved persons") performing certain functions in our business (known as "controlled functions").

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly. Monitoring is carried out by the FCA to assess our compliance with 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 disciplinary action, including requiring customers to be compensated for loss, the imposition of penalties and the revocation or variation of our authorizations to conduct business, in whole or in part, which could negatively impact our reputation, among other things.

Certain of our credit activities are also regulated by the OFT, including second lien retail lending, consumer brokerage and debt collecting. Most second lien retail mortgages are regulated under the Consumer Credit Act 1974 which requires lenders to hold a consumer credit license (a "CCL"), issued by the OFT, and sets out a range of consumer protection requirements in relation to the advertising and marketing of loans, the form, content and execution of credit agreements, pre-contractual and post-contractual disclosure requirements, default and termination, the taking of securities, and judicial controls over the enforcement of debts. The OFT considers second lien lending a high-risk credit activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The OFT has issued specific guidance for the second lien lending industry covering the topics set out above and there is also general guidance that second lien lenders are subject to, most notably the OFT Debt Collection Guidance and the Irresponsible Lending Guidance. In addition, our debt collection (and broader consumer credit) activities are subject to an obligation to act fairly, as set out in the Consumer Protection from Unfair Trading Regulations 2008.

Licensees must be able to demonstrate that they are "fit" to be granted and continue to hold a CCL. The OFT issues guidance on what conduct it considers necessary for a licensee to be able to demonstrate "fitness." Failure to comply with any rule or guidance issued by the OFT could have serious consequences, for example:

- the OFT may refuse to issue or renew a CCL or may commence a process to revoke or vary a CCL. Any refusal or revocation process by the OFT could be publicly known and could involve severe reputational damage. If we are refused a CCL or a CCL is revoked or varied to restrict the activities we are permitted to conduct, our lending business could be severely constrained, depending on the restriction, license and entity in question, and we may not be able to continue to run our business as it is currently run;
- the OFT may take steps to publicly issue "requirements" on a CCL. These would constitute a public censure and would require a lender to make changes to its business practices and not repeat similar conduct in the future. If we become subject to such requirements, our reputation, and, consequently, our ability to win future business may be adversely affected. We might also have to introduce changes to our business practices in response to "requirements" issued to some of our competitors;
- the OFT has the power to immediately suspend a license in the case of urgent necessity; and
- in some cases, failures can cause agreements or parts thereof to be deemed unenforceable (meaning that in some cases the outstanding debt or part thereof or interest thereon cannot be collected). This may be due to actions taken or not taken by us, agreement wording, definitions, calculation methodologies or terms used within the agreement that are not compliant with historic, existing or future laws, regulations or court actions. This could affect our ability to recover on the accounts within our total loan assets.

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 to the FOS. 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 Company 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, that 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 Financial Conduct Authority, or "FCA") imposed a financial penalty of £1.2 million on CMCL, the subsidiary within our group that is currently regulated by the FCA, for certain historical issues. The FSA found that, during the period from October 2004 to August 2008, CMCL could not always demonstrate that it had taken sufficient steps to ensure that all loans were affordable to customers, in particular, that it did not always sufficiently challenge customers' declared amounts, and during the period from October 2004 to December 2009, that 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 is 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 we introduced enhanced corporate governance standards, 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. 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.

As there is also a risk of criminals using financial services to launder the proceeds of crime, we are required to comply with certain anti-money laundering and related regulations. Although we believe we have implemented appropriate controls to meet these regulatory obligations, we cannot assure you that our controls have been or are entirely sufficient to comply with current or future anti-money laundering and related regulatory requirements. If our controls are found insufficient by the relevant regulatory bodies, we, our directors and certain nominated members of our staff could face criminal sanctions and regulatory censure.

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 undergone and are undergoing review of certain of our past lending decisions and business practices with respect to certain of our subsidiaries between 2004 and 2011, in particular in respect of lending decisions on CMCL accounts and payment protection insurance sold by Phone-A-Loan Limited, one of our subsidiaries. Pending the outcome of these reviews, we may be required to make certain payments to account holders and others deemed affected by our past practices. We have made certain payments already and although we believe we have 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, 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 mortgage 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.

The legal requirements to which we are already subject may change, and we may become subject to new legislation such as the Financial Services Act 2012 (the “Financial Services Act”), the main provisions of which entered into force on April 1, 2013. The Financial Services Act replaced the FSA with the FCA and conferred certain of the FSA’s regulatory functions to a new Prudential Regulation Authority and the Bank of England. It further created a new Financial Policy Committee which will be a committee of the Bank of England. Further, on October 25, 2012, the FSA published its policy statement and final conduct of business rules for its mortgage market review which are to come into force on April 26, 2014. Conduct of business in relation to the mortgage market has also been reviewed at the European level by the European Commission, which, in March 2011, proposed a Mortgage Credit Directive. While the Mortgage Credit Directive is still under consideration by the EU Parliament, the FSA has been party to its development and the FCA is now, in the United Kingdom, responsible for introducing any additional changes not already introduced as part of its (and the FSA’s) own mortgage market review. It is expected that member states will be required to implement all parts of any finalized Directive by 2015.

On March 15, 2012, the UK government announced a plan to merge the competition functions of the OFT with the Competition Commission to form a single Competition and Markets Authority. The current duties and responsibilities of the OFT in relation to the regulation of consumer credit will not be carried over to the Competition and Markets Authority, but will be transferred to the FCA. An FSA consultation paper dated March 6, 2013 suggests that our lending businesses (in particular our second lien lending business) will be regulated by the FCA. Transfer of regulation of second lien lending from the OFT to the FCA is expected to take place in April 2014.

The future landscape of the regulatory environment for the mortgage lending business remains unclear. 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.

Additionally, regulators are increasingly requiring 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 or regulations 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."

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 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, the process of attracting 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 and to expand, train and manage our employee base. The inability to attract and retain 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 through 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. Although we are in the process of implementing a disaster recovery plan following our recent office move and introducing appropriate hardware to support the plan and have signed contracts for the provisions of a disaster recovery site and offsite server capacity, we have not yet finalized our disaster recovery procedures, nor have we fully tested such hardware or procedures to ensure that they are 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. Database privacy, identity theft and related computer and internet issues are 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 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. 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 process is becoming 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 may experience difficulties in upgrading, developing and expanding our information technology infrastructure and management information systems quickly enough and in a cost-effective manner. Any failure 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 capital to fund the mortgage loans that we originate. As of June 30, 2013, we had £204.5 million drawn under our Revolving Credit Facility, which expires in August 2015. As of June 30, 2013, total notes drawn were £382.0 million under the note issuance facility under the Conduit Securitization, which expires in July 2015. See "Description of Certain Financing Arrangements—Conduit Securitization." Our ability to originate mortgage loans depends in part upon our ability to secure and maintain these financings on acceptable terms. If either of financing arrangements 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, 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. See also "—Risks Relating to the Notes—In order to meet our liquidity requirements, we may need to refinance the Revolving Credit Facility and the Conduit Securitization, and we may not be able to do so on acceptable terms or at all."

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.

The Revolving Credit Facility and the Conduit Securitization, in part, are indexed to LIBOR. Additionally, the Conduit Securitization is funded in part in the commercial paper market. Although most of our customers have variable interest rate mortgages with us and we have the right to increase pricing 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. We have historically used interest rate swaps to hedge part of our floating rate exposure in respect of the Revolving Credit Facility. We may not, however, be successful in the future in obtaining hedges on acceptable terms. 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 mortgage loans and sources of funding. 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.

Our principal shareholder, Henry Moser, and certain financial sponsor funds, being Equistone and Standard Life Investments, own 70.0% and 30.0%, respectively, of our voting share capital. Pursuant to the terms of the Shareholders Agreement described under "Shareholders—Shareholders Agreement" and the articles of association of Jerrold Holdings Limited and as a result of the financial sponsors holding preferred shares and an entitlement to dividends (the obligations for which until September 2014 will be satisfied by capitalizing the entitlement into the economic value of the preferred shares), the financial sponsors, in the case of a sale of Jerrold Holdings Limited, would receive a percentage of the proceeds from the sale greater than their respective percentage of the voting share capital of Jerrold Holdings Limited. Given the inconsistency between voting rights and economic rights, along with any potential differences in the preferences of the principal shareholder and the financial sponsors, our shareholders may not be aligned in certain strategic decisions, which could materially 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 IFRS or US GAAP financial information in this offering memorandum.

We prepare our financial statements on the basis of UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We have not presented a reconciliation of our consolidated financial statements to IFRS or US GAAP 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 in accordance with IFRS or US GAAP.

We do not present stand-alone financial information for Charles Street ABS.

As of and for the period ended June 30, 2013, Charles Street ABS, which will not guarantee the Notes, generated 18.8% of our EBITDA (which incorporates a transfer of surplus income within Charles Street ABS to the Borrower Group) and represented 33.1% of our net assets, including subordinated debt. Under such circumstances, the rules of the Irish Stock Exchange require us to include stand-alone financial information for the Guarantors in the listing particulars to be filed with the Irish Stock Exchange. We have applied for an exemption from this requirement with the Irish Stock Exchange, and will not present stand-alone financial information for our Guarantors. Our audited consolidated financial information included elsewhere herein includes the results of operations and financial information for both the Guarantors and Charles Street ABS and thus may be of limited use in assessing the financial position of the Guarantors on a stand-alone basis.

Risks Relating to the Notes

The Issuer is a special purpose finance subsidiary of the Company with no business operations and will depend on cash from the Company and its other subsidiaries to be able to make payments on the Notes.

The Issuer is a wholly-owned special purpose finance subsidiary of the Company, formed for the purpose of facilitating the offering of the Notes, and has no business operations or assets or sources of income other than amounts received under the Proceeds Loan, which will be the only significant asset of the Issuer. The material liabilities of the Issuer will include the Notes and any additional debt it may incur in the future. See “Description of Notes.” As a result, the ability of the Issuer to make payments on the Notes will be wholly dependent upon interest or other payments it receives from the Company or other members of our corporate group. The ability of the Company to make payments to the Issuer will depend upon its cash flows and earnings which, in turn, will be affected by all of the factors discussed in these “Risk Factors.” The Company is a holding company and is dependent upon payments by its subsidiaries to service its indebtedness, including payments of amounts owed under the Proceeds Loan and its guarantee of the Notes. Applicable law imposes certain restrictions upon our ability to access cash of our subsidiaries. The inability to transfer cash among our group may mean that, even though we, in aggregate, may have sufficient resources to meet our obligations, we may not be permitted to make the necessary transfers from one entity in the group to another entity in the group in order to make payments to the Issuer for the purposes of meeting the Issuer’s obligations under 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.

We have a substantial amount of debt and significant debt service obligations. As of June 30, 2013, on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of proceeds therefrom, we would have had an aggregate principal amount of £646.5 million of debt. Following the offering of the Notes and the use of the proceeds therefrom, £100.0 million will be committed under the Revolving Credit Facility, of which £0.0 will be drawn and outstanding. For a detailed description of our debt, see “Description of Certain Financing Arrangements.”

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

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

For a discussion of our cash flows and liquidity, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

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.

We may be able to incur significant additional debt in the future. Although our financing agreements and the indenture governing the Notes 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 governing the Notes, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness so long as on a pro forma basis our fixed charge corporate debt coverage ratio, as defined in the indenture governing the Notes, is at most 2.25 to 1.0. Incurring such additional debt could further increase the related risks we now face, as described above.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Revolving Credit Facility, the Conduit Securitization and the indenture governing the Notes contain covenants that impose, subject to certain exceptions and qualifications, significant operating and financial restrictions on us. These arrangements limit our ability 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.

In addition, the indenture governing the Notes will require the Company to maintain certain ratios with respect to aspects of certain of its assets.

The covenants to which we are subject under the Revolving Credit Facility, the Conduit Securitization and the indenture governing the Notes 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.

In addition, some of our financing arrangements require us to maintain or to meet at prescribed times certain financial and loan portfolio ratios. 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, we will be limited in the manner in which we can conduct our business and may be unable to engage in favorable business activities or finance future operations.

In addition to limiting our flexibility to operate our business, a failure to comply with the restrictions contained in our financing arrangements, or to maintain the financial and loan portfolio ratios required by our financing arrangements, could lead to a default under their terms that could result in an acceleration of the indebtedness. We cannot assure you that our future results of operations will be sufficient to enable compliance with the covenants in our 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, the 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 covenants, ratios, tests or restrictions could result in an event of default under the Revolving Credit Facility or the Conduit Securitization. Upon the occurrence of any event of default under the Revolving Credit Facility or the Conduit Securitization, subject to applicable cure periods and other limitations on acceleration or enforcement, our creditors could cancel the availability of the Revolving Credit Facility or the Conduit Securitization, as appropriate, and elect to declare all amounts outstanding under the Revolving Credit Facility or the Conduit Securitization, as appropriate, together with accrued interest, immediately due and payable. A failure to pay such amounts 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 under one or more of our other financing arrangements. If our creditors, including those under the Revolving Credit Facility and the Conduit Securitization, accelerate the payment of amounts due thereunder, we cannot assure you that we would have sufficient assets to repay in full those amounts, to satisfy all other liabilities of the group that would be due and payable and to repay the Notes in full or in part.

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 at such time no default under the indenture has occurred and is continuing. These covenants will restrict, among other things, our 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."

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.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations depends on our future operating and financial performance and ability to generate cash, which are affected by our ability to implement our business strategy as well as general economic, financial, competitive and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing or sell assets. See also "—Risks Relating to Our Business—A further deterioration of the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition." We cannot assure you that we will be able to generate sufficient cash through any of the foregoing. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

In order to meet our liquidity requirements, we may need to refinance the Revolving Credit Facility and the Conduit Securitization, and we may not be able to do so on acceptable terms or at all.

The Revolving Credit Facility for which total commitments reduce quarterly by £13.5 million until May 2014, then quarterly by £13.9 million until May 2015, expires on August 28, 2015. See "Description of Certain Financing Arrangements—Revolving Credit Facility." The Conduit Securitization, for which total commitments reduce by £4.5 million quarterly until July 2014, thereafter begins full amortization and expires on July 31, 2015. See "Description of Certain Financing Arrangements—Conduit Securitization." Our ability to refinance these financing arrangements could be affected by a number of factors, including volatility in the financial markets, contractions in the availability of credit, including in interbank lending and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments. Any adverse developments in the credit markets and in our credit rating, as well as other general economic conditions, may negatively impact our ability to issue additional debt as well as the amount and terms of the debt we are able to issue. Our liquidity will be adversely affected if we are unable to refinance the Revolving Credit Facility or the Conduit Securitization on acceptable terms or at all, and we can provide no assurance we will be able to do so. In connection with any refinancing, it may also be possible that we will need to agree to covenants that impose additional restrictions on our business.

We 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 governing the Notes, the Issuer would be required to make an offer to repurchase all outstanding 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 Securitization and may

cause a default or prepayment event in relation to our future indebtedness. The source 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 our subsidiaries. If a change of control occurs, there can be no assurance that we 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 our other indebtedness.

The change of control provision contained in the indenture governing the Notes 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 governing the Notes. Except as described under "Description of Notes—Repurchase at the Option of Holders—Change of Control," the Indenture will 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 governing the Notes, we will be 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 our assets. With respect to the sale of assets referred to in the definition of change of control in the indenture governing the Notes, 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 our obligations under the Notes.

In order to secure the obligations under the Notes, we will grant first-priority fixed and floating security interests in (a) all of the issued capital stock in the Issuer and each Guarantor (other than the Company) and (b) substantially all of the existing and future property and assets of the Issuer and the 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. These assets are also pledged, on a first-priority basis, for the benefit of the lenders under the Revolving Credit Facility and counterparties under certain priority hedging obligations and also secure the Subordinated Shareholder Loan Notes. In addition, the indenture governing the Notes will allow the incurrence of certain additional permitted debt in the future 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 governing the Notes 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 will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the indenture governing the Notes. 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 will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the collateral. For example, the security agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you 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 interests in the collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the guarantees will not be granted directly to the holders of the Notes, but will be granted only in favor of the security agent. The Trustee for the Notes will enter into the Intercreditor Agreement with among others, the security agent and representatives of the other indebtedness secured by the collateral, including the Revolving Credit Facility and counterparties to certain hedging obligations. Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the security documents, the sharing in any recoveries from such enforcement and the release of the collateral by the security agent. As a consequence, holders of the 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, who will follow instructions as set forth under the caption "Description of Certain Financing Arrangements—Intercreditor Agreement—Security Enforcement."

The Issuer and the Guarantors will have control over the collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the Notes. So long as no default or event of default under the indenture governing the Notes would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the security agent, conduct ordinary course activities with respect to the collateral, such as selling, factoring, abandoning or otherwise disposing of collateral, including selling mortgage loans to Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization and any other qualifying securitization, and making ordinary course cash payments, including repayments of indebtedness.

Laws relating to preference, transactions at an undervalue, misfeasance and corporate benefit may adversely affect the validity and enforceability of payments under the senior guarantee and pledge of security of the Notes by the Company and the other Guarantors.

We and all our 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 "centre 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 centre of main interest is located and be subject to the laws of that Member State. 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 centre 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). There are circumstances under English insolvency law in which the granting by an English company of security and guarantees 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 guarantee or 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 or guarantee given by such company.

The Issuer cannot assure holders of the Notes that in the event of insolvency, the issuance of the guarantees and pledging of security by Jerrold Holdings would not be challenged by a liquidator or administrator or that a court would support our analysis that the guarantee was entered into or the security granted in good faith for the purposes of carrying on Jerrold Holdings' 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 guarantee or any payment under any guarantee or 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 Guarantor granting such guarantee and pledge of security.

The following potential grounds for challenge may apply to charges and guarantees:

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 or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee 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 or the guarantee 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 or a guarantee if such liquidator or administrator believed that the creation of such security interest or such guarantee 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 or the guarantee within a period of six months (if the beneficiary of the security or the guarantee 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 or guarantor 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, guarantor 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 and the guarantees (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.

Grant of floating charge

Under English insolvency law, if an English company is insolvent at the time of (or as a result of) granting the floating charge then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge. The requirement for the English company to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge, whether the relevant English company is solvent or insolvent. "Connected person" is defined by the Insolvency Act 1986. The transaction can be challenged if the English company grants the floating charge within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) prior to the Onset of Insolvency.

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 or a Guarantor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that the Issuer or such Guarantor (as the case may be) went into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled.

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 for the Notes and the Intercreditor Agreement will provide that the security agent is authorized to release the liens over the collateral and, in the case of the collateral consisting of shares in the capital of the Issuer or a Subsidiary Guarantor, the guarantee of the Notes provided by the relevant Subsidiary Guarantor, in certain circumstances, including in connection with the disposal of an asset:

- where such disposal is permitted under the indenture;
- in connection with the enforcement of the collateral in accordance with the Intercreditor Agreement; and
- upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary.

See "Description of Certain Financing Arrangements—Intercreditor Agreement—Release of Security and Guarantees," "Description of Notes—Note Guarantees" and "Description of Notes—Security—Release."

English insolvency laws may not be as favorable to you as U.S. and other insolvency laws. Insolvency laws and limitations on the guarantees of the Notes or the security interests of the Notes, may adversely affect the validity and enforceability of the guarantees and the security interests and may limit the amount that can be recovered under the guarantees and the security interests granted by the Company and its subsidiaries.

We and all of our subsidiaries are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to us 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. In the event that any one or more the Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Our obligations under the Notes will be guaranteed by the Guarantors, and our obligations under the Notes will be secured by security interests over the collateral. English insolvency laws and other limitations could limit the enforceability of a guarantee against a Subsidiary Guarantor and the enforceability of security interests. The following is a brief description of certain aspects of English insolvency law. The application of these laws could adversely affect your ability to enforce your rights under the guarantees of the Notes or the collateral securing the Notes and limit any amounts that you may receive.

Fixed versus floating charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the business of the charging company) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the remuneration of the liquidator) properly incurred in a winding up are payable out of the assets of the charging company (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) there are particular challenge risks in relation to floating charge security (see "—Laws relating to preference, transactions at an undervalue, misfeasance and corporate benefit may adversely affect the validity and enforceability of payments under the senior guarantee and pledge of security of the Notes by the Company and the other Guarantors—Grant of floating charge"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring fencing (see "—Administration and floating charges").

Under English insolvency law, there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and floating charges

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company in certain circumstances. 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. During the administration, in general no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments, such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If an English company were to enter administration, it is possible that the security granted by it or the guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the security agent to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre dates September 15, 2003, fall within one of the exceptions in the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver. The security agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the property of the relevant English company and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the UK Insolvency Act 1986, as amended), which will apply if the

issue of the Senior Secured Notes creates a debt of at least £50.0 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the UK Insolvency Act 1986, but is generally a rated, listed or traded debt instrument). An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English company's assets at the time that the floating charges are enforced will be a question of fact at that time.

You may be unable to serve process on us or our 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, and each of the Guarantors is a private limited company incorporated under the laws of England and Wales. All the directors and executive officers of the Issuer and the Guarantors live outside the United States. All the assets of the directors and executive officers of the Issuer and of the Guarantors are located outside the United States. As a result, it may not be possible for you to serve process on such persons, the Issuer or the Guarantors 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, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, we cannot assure you 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.

The Notes are new securities for which there is currently no existing market. Although we have made an application to list the Notes on the Official List of the Irish Stock Exchange, we cannot assure you that the Notes will become or will remain listed. In addition, we cannot assure you 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 admission to trading 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. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. 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 our own financial condition, performance and prospects, 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. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions. We have 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, we cannot assure you 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 and the guarantees 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 Banking will be the registered holder of any Notes. After payment to the common depositary, we 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 Banking and if you are not a participant in Euroclear or Clearstream Banking, 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 our 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 Banking or, if applicable, from a participant. We cannot assure you 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 governing the Notes, 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 Banking. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream Banking 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 Jerrold Holdings for the years ended June 30, 2010, 2011, 2012 and 2013 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, 2010, 2011, 2012 and 2013 are included on pages F-77, F-54, F-31 and F-7, 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 us and our 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 sale of the Notes will be £200.0 million. We intend to use the proceeds from the offering of the Notes to prepay certain amounts owing under the Revolving Credit Facility and to pay fees and expenses incurred in connection with the offering of the Notes.

The following table sets forth our 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	200.0	Prepayment of certain amounts owing under the Revolving Credit Facility[(1)]	191.0
		General corporate purposes	2.2
		Fees and expenses[(2)]	6.8
Total Sources	200.0	**Total Uses**	200.0

(1) Under the terms of the Revolving Credit Facility, the net proceeds of the offering of the Notes must be used to prepay an amount equal to the lesser of 100% of the net proceeds received from the offering of the Notes and the aggregate of all loans then outstanding under the Revolving Credit Facility. See "Description of Certain Financing Arrangements—Revolving Credit Facility—Repayments and Prepayments." All loans outstanding under the Revolving Credit Facility as of the issue date will be prepaid with proceeds from the offering of the Notes.

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

Capitalization

The following table sets forth, on a consolidated basis, our available cash and capitalization as of June 30, 2013, on a historical basis and as adjusted to give effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of proceeds therefrom as if the offering had been completed on June 30, 2013. The historical consolidated financial information has been derived from the audited consolidated financial statements of the Company as of and for the year ended June 30, 2013 included elsewhere in this offering memorandum. The following table does not reflect our A preferred shares and any capitalized dividends with respect thereto. For further information on our A preferred shares, see "Shareholders." You should read the following table in conjunction with "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.

	As of June 30, 2013	
	Actual	As adjusted
	(£ in millions)	
Cash at bank and in hand[1]	12.6	1.3
Debt, including current portion:		
Conduit Securitization[2]	382.0	382.0
Revolving Credit Facility	204.5[3]	—[4]
Notes offered hereby	—	200.0
Subordinated Shareholder Loan Notes[5]	60.0	60.0
Total debt	646.5	642.0
Total shareholders' funds	360.9	360.9
Total capitalization	1,007.4	1,002.9

(1) Excludes cash held in Charles Street ABS in an amount of £25.6 million. Cash at bank and in hand as adjusted, reflects the Revolving Credit Facility Amortization Payment of £13.5 million, plus £2.2 million of cash at bank and in hand for general corporate purposes from the offering of the Notes.

(2) See "Description of Certain Financing Arrangements—Conduit Securitization." Total notes outstanding under the note issuance facility under the Conduit Securitization as of June 30, 2013 was £382.0 million. The balance of the Conduit Securitization reflected on our consolidated balance sheet as of June 30, 2013 was £351.5 million, which is net of cash at bank of £25.6 million within the Conduit Securitization and £4.9 million in prepaid fees associated with the Conduit Securitization.

(3) Represents the gross outstanding balance on our Revolving Credit Facility, which is reflected net of prepaid fees of £4.9 million on our consolidated balance sheet as of June 30, 2013. On August 12, 2013, we made the Revolving Credit Facility Amortization Payment of £13.5 from available cash. As of September 11, 2013, £191.0 million was drawn and outstanding under the Revolving Credit Facility.

(4) We intend to use the proceeds from the offering of the Notes to prepay all amounts owing under the Revolving Credit Facility and to pay fees and expenses incurred in connection with the offering of the Notes. See "Use of Proceeds." Following such prepayment, the total commitments available under the Revolving Credit Facility will be reduced to £100.0 million, of which we expect £0.0 million to be drawn and outstanding. See "Description of Certain Financing Arrangements—Revolving Credit Facility."

(5) See "Description of Certain Financing Arrangements—Subordinated Shareholder Loan Notes."

Selected Historical Financial Information

The selected financial data presented below as of and for the years ended June 30, 2010, 2011, 2012 and 2013 have been derived from the audited consolidated financial statements of Jerrold Holdings, which were prepared in accordance with UK GAAP.

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, 2010, 2011, 2012 and 2013 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."

	As of and for the year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands, except where otherwise indicated)			
Profit and loss account data:				
Turnover	135,619	130,320	125,629	121,516
Cost of sales	(4,445)	(4,396)	(5,163)	(3,532)
Gross profit	131,174	125,924	120,466	117,984
Administrative expenses	(37,203)	(35,315)	(28,086)	(30,268)
Operating profit	93,971	90,609	92,380	87,716
Loss on sale of investment properties	—	(54)	—	5
Interest payable and similar charges	(49,892)	(51,551)	(47,393)	42,652
Interest receivable and similar income	36	66	68	93
Profit on ordinary activities before taxation	44,115	39,070	45,055	45,162
Tax on profit on ordinary activities	(12,283)	(11,117)	(13,444)	(11,180)
Profit on ordinary activities after taxation	31,832	27,953	31,611	33,982
Minority interests	22	16	(34)	(23)
Retained profit for the financial year	31,854	27,969	31,577	33,959
Balance sheet data:				
Fixed assets	1,136	1,044	2,711	4,375
Debtors: due within one year	350,724	333,846	312,153	292,147
Debtors: due after one year	775,731	754,656	708,321	692,055
Cash at bank and in hand	6,542	4,711	45,242	12,592
Creditors: amounts falling due within one year	(432,892)	(364,300)	(682,710)	(82,976)
Creditors: amounts falling due after more than one year	(438,000)	(438,000)	(60,030)	(558,523)
Shareholders' funds	267,410	295,379	326,956	360,915
Cash flow data:				
Net cash inflow from operating activities	111,649	123,114	155,091	123,914
Returns on investments and servicing of finance	(49,663)	(51,506)	(46,918)	(55,308)
Taxation	(16,657)	(12,225)	(9,900)	(13,898)
Capital expenditure and financial investment	(93)	(276)	(1,901)	(2,227)
Financing and the management of liquid resources	(37,247)	(60,938)	(55,841)	(85,131)
Increase/(decrease) in cash in the year	7,989	(1,831)	40,531	(32,650)

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 based on the audited consolidated financial statements of Jerrold Holdings Limited and its consolidated subsidiaries as of and for the years ended June 30, 2010, 2011, 2012 and 2013, prepared in accordance with UK GAAP included elsewhere in this offering memorandum.

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 39 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments underserved by mainstream lenders. Our loans include secured first and second lien loans, of which 84.7% 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 to niche market segments, thereby minimizing competition from high street banks and other lenders. We offer our loans through a number of different brands and distribute them through the broker network, professional firms and auction houses and, with respect to repeat business, through our sales team. We originate all our mortgage loans and service all our mortgage loans directly. In the year ended June 30, 2013, we had turnover of £121.5 million, and EBITDA of £88.5 million. As of June 30, 2013, we had shareholder reserves, including subordinated debt, in excess of £420 million. As of June 30, 2013, our total loan assets were £0.98 billion, with an average loan value of approximately £39,000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Portfolio Analysis."

As of June 30, 2013, 52.6% of our loan portfolio was classified as retail purpose, 37.6% of our loan portfolio was classified as commercial purpose and 9.8% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose where the borrower resides in the property (or in at least 40% of the property) securing the loan and which include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases. Retail purpose loans include loans that are regulated by the FCA or the OFT. We classify mortgages as commercial purpose where the borrower does not reside in the property (or resides in less than 40% of the property) securing the loan and which include loans for investing in property, including buy-to-let, 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 unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans primarily relate to loans underwritten prior to 2009, and constitute loans to finance the purchase of land, the development of land into residential units or the conversion of existing properties into residential units (houses and flats). As of June 30, 2013, 99.0% of our retail purpose loans, 62.8% of our commercial purpose loans and 91.7% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit and affordability 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, 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 total loan asset audits are conducted annually and semi-annually, pursuant to the terms of certain of our financing arrangements.

The LTV is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property and (iii) the accrued interest and fees thereon (after suspended income), compared to the latest appraised value of the property securing the loan. The LTVs of our loan portfolio on a weighted average indexed basis as of June 30, 2013, including and excluding

development loans, were 66.1% and 62.3%, respectively, and the LTV on a weighted average basis of new loans underwritten by us in the year ended June 30, 2013 was 52.3%. 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, 2013, 85.7% of our total loan portfolio and 75.5% 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 house prices and economic downturns, thereby minimizing our levels of provisions. For each of the four years ended June 30, 2010, 2011, 2012 and 2013, bad and doubtful debt provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £12.4 million, £11.0 million, £6.5 million and £6.3 million, respectively, representing only 1.1%, 1.0%, 0.6% and 0.6%, respectively, of our average total loan assets. With respect to loans originated between the year ended June 30, 2008 and the year ended June 30, 2011, management estimates that average principal recovery rates (including recognized capital losses and potential capital losses) for repossessed loans of the group were 91.0%, 93.9%, 83.4% and 67.6% for the group's loan portfolio, first lien loans, second lien loans and development loans, respectively.

We have historically 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 weighted averaged indexed LTV of our loan portfolio. The ratio of net senior secured borrowings to total loan assets was 55.9% as of June 30, 2013. 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 39.9% as of June 30, 2013.

Retail Purpose Lending

As of June 30, 2013, retail purpose loans comprised 52.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 60.0% and a weighted average nominal rate of 11.9%, substantially all of which were secured by residential property and the remainder of which were secured by 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, 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 15.8% and 84.2% of our retail purpose loans, respectively, calculated by value as of June 30, 2013. We offer retail purpose loans principally under two brands: BFL, which primarily offers second lien mortgages, and CMCL, which primarily offers first lien mortgages. BFL also offers medium and long-term commercial purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the Finance and Leasing Association, we believe that our market shares of the first lien and second lien retail purpose lending markets in the United Kingdom were approximately less than 1% and 18%, respectively, as of June 30, 2013.

Commercial Purpose Lending

As of June 30, 2013, commercial purpose loans comprised 37.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 65.6% and a weighted average nominal rate of 13.0%, 36.9% of which are short-term commercial purpose loans and 63.1% 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 65.6% is residential and 34.4% 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 61.2% is residential and 38.8% is commercial and semi-commercial property. Our commercial purpose loans primarily consist of first and second lien loans, which represented 79.8% and 20.2% of our short-term commercial purpose loans, respectively, and 76.8% and 23.2% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2013. We offer commercial purpose loans principally under four brands: LMCL, BDFL, AFL and BFL. LMCL, BDFL and AFL offer short-term commercial purpose loans. LMCL and BFL offer medium and long-term commercial loans. BFL also offers retail purpose loans. Our LMCL loans are distributed through the broker network, our BDFL loans are distributed through a network of professionals, such as banking, accounting and legal professionals and firms, and our AFL loans are distributed through auction houses. A small portion of our medium and long-term commercial purpose loans is also sold directly to current and previous customers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent,

in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the National Association of Commercial Finance Brokers, we believe that our market shares of the short-term commercial purpose loan, buy-to-let and other medium and long-term commercial purpose loans markets in the United Kingdom were 3.6%, less than 1% and less than 2%, respectively, as of June 30, 2013.

Development Loans

As of June 30, 2013, development loans comprised 9.8% of our loan portfolio. Development loans are loans that we historically extended to finance the development of land or property into residential units with repayments being made out of the sale of the units. Of our development loans, 93.1% were originated prior to 2009. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but currently underwrite minimal new development loans. In the year ended June 30, 2013, we extended £4.8 million in further advances and have underwritten £0.6 million in new development loans. As of June 30, 2013, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity (the instance in which a property's market value is less than the total owed on all the liens recorded against it) on development loans of £5.9 million and recorded provisions of £7.6 million.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including the Subordinated Shareholder Loan Notes, our Revolving Credit Facility and our Conduit Securitization.

As of June 30, 2013, our shareholders' funds were £420.9 million, including £60.0 million outstanding in the Subordinated Shareholder Loan Notes, total commitments available under the Revolving Credit Facility were £204.5 million (£204.5 million drawn) and total commitments available under the Conduit Securitisation Facility were £382.0 million (£382.0 million drawn).

Pursuant to our Conduit Securitization, Originators sell on a random basis certain of our qualifying mortgage loans to Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the Conduit Securitization, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators. The assets of Charles Street ABS are included within our consolidated accounts.

Qualifying retail purpose and commercial purpose loans eligible to be sold to the Conduit Securitization are selected on a random basis and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to the Conduit Securitization. Of loans underwritten by us since establishing the Conduit Securitization in 2007, approximately 90% have been eligible at origination for sale to Charles Street ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under the Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in the Conduit Securitization, the Originators are obliged to either substitute ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Annual losses recognized on loans repurchased from the Conduit Securitization were approximately £0.4 million between January 1, 2010 and June 30, 2013. Surplus income of the Conduit Securitization, after paying interest and fees in connection with the 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, amounted to an average of £4.3 million a month between September 1, 2012 and June 30, 2013, such amounts thereafter forming part of the collateral securing the financing arrangements of the Borrower Group as described below.

All of our assets, with the exception of the assets held by Charles Street ABS, are the assets of the Borrower Group and are provided as collateral under our secured financing arrangements, including the Revolving Credit Facility, our hedging facilities, our overdraft facilities, the Subordinated Shareholder Loan Notes and our obligations under the Notes. The assets of Charles Street ABS are provided as collateral to holders of notes issued by Charles Street ABS pursuant to the Conduit Securitization and are not provided as collateral under our other financing arrangements listed above nor will they be provided to secure our obligations under the Notes. The Borrower Group will only have a claim on the assets of Charles Street ABS upon the full repayment of the loan notes of the Conduit Securitization. Charles Street ABS has no recourse to the assets of the Borrower Group.

As of June 30, 2013, Charles Street ABS held total loan assets of £499.2 million, had cash of £25.6 million and had net creditors of £3.4 million. As of June 30, 2013, total commitments under the note issuance facility under the Conduit Securitization were £382.0 million and total notes outstanding were £382.0 million. As of June 30, 2013, total subordinated subscription notes outstanding were £139.5 million.

As of June 30, 2010, 2011, 2012 and 2013, Charles Street ABS held total loan assets of £0.50 billion, £0.45 billion, £0.37 billion and £0.50 billion. For additional information in respect of our Conduit Securitization, see "Description of Certain Financing Arrangements—Conduit Securitization." The Borrower Group's total loan assets, as of June 30, 2010, 2011 and 2013 were £0.62 billion, £0.64 billion, £0.65 billion and £0.48 billion, respectively, net of bad and doubtful debt provisions.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion.

The levels of cash generation have been stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million, respectively. Cash receipts expressed as a percentage of total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels.

The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013, comprising: £46.1 million of interest and fees, £110.0 million of principal receipts and £53.5 million surplus income from the Conduit Securitisation. See "Summary—Overview—Our Sources of Funding" and "—Supplemental Cash Flow Information." As of June 30, 2013, the Borrower Group's total loan assets were £0.48 billion.

Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011 2012, and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013.

The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in the year ended June 30, 2013, resulting in cash available for debt service and originating new loans of £279.3 million for the group and £159.6 million for the Borrower Group.

In the year ended June 30, 2013, the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period, the Borrower Group paid interest costs of £25.0 million.

Loan Analysis

Our total loan assets as of June 30, 2010, 2011, 2012 and 2013 totaled £1.12 billion, £1.08 billion, £1.02 billion and £0.98 billion, respectively, net of bad and doubtful debt provisions, which represent a decrease of 3.3% in our total loan assets from June 30, 2010 to June 30, 2011, 6.2% from June 30, 2011 to June 30, 2012 and 3.6% from June 30, 2012 to June 30, 2013. These decreases were mainly due to new business levels being reduced as a result of the amortization of the Revolving Credit Facility and our Conduit Securitization. The Borrower Group's total loan assets, which does not include mortgage loans sold to Charles Street ABS pursuant to our Conduit Securitization, as of June 30, 2010, 2011, 2012 and 2013 totaled £0.62 billion, £0.64 billion, £0.65 billion and £0.48 billion, respectively, net of bad and doubtful debt provisions, which represent an increase of 3.2% from June 30, 2010 to June 30, 2011 and 1.6% from June 30, 2011 to June 30, 2012 and a decrease of 25.7% from June 30, 2012 to June 30, 2013. The decrease in The Borrower Group's total loan assets between June 30, 2012 and June 30, 2013 was mainly due to increased sales of loans to Charles Street ABS, reflecting a decrease in total commitments available under the Revolving Credit Facility in connection with the refinancing of the Revolving Credit Facility in August 2012, which was partially offset by an increase in commitments available to us under our Note Issuance Facility under the Conduit Securitization during the same period.

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), as of June 30, 2013.

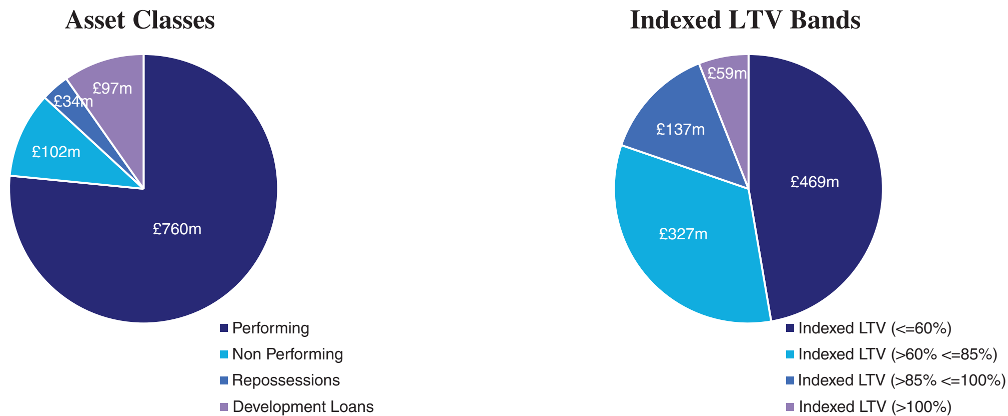
	As of June 30, 2013				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio	992.5	759.7	102.2	33.6	97.0
Number of loans	25,540	21,786	2,999	464	291
Average loan size (£)	38,860	34,873	34,081	72,348	333,268
Weighted average indexed LTV (%)[(1)]	66.1%	56.9%	82.1%	125.1%	101.1%
Total provisions	22.4	2.9	5.9	6.0	7.6
Provision surplus[(2)]	7.3	2.0	2.2	1.3	1.7
Repayment type[(3)]					
Capital repayment loans	573.9	506.8	54.5	12.6	0.0
Bridging loans	240.8	94.9	32.5	16.4	97.0
Interest only retail purpose	85.7	76.6	7.2	1.9	0.0
Interest only commercial purpose	92.2	81.4	8.0	2.8	0.0
Security					
Residential	840.2	652.4	80.0	18.9	88.9
Commercial	152.3	107.3	22.2	14.7	8.1
Purpose					
Retail	521.9	468.6	46.1	7.1	0.0
Commercial	470.7	291.1	56.1	26.5	97.0
Lien					
First	448.6	296.0	53.2	24.5	74.9
Second	544.0	463.7	49.1	9.1	22.1
Origination					
2013	84.5	84.0	0.0	0.0	0.6
2012	104.5	101.2	3.1	0.2	0.1
2011	98.8	90.1	5.5	1.1	2.1
2010	73.2	64.6	3.7	2.1	2.7
2009	78.8	68.0	8.1	1.6	1.2
2008	132.6	90.1	20.4	7.8	14.2
2007	215.7	151.9	32.0	14.3	17.4
2006	114.9	66.7	16.3	4.4	27.6
Pre 2006	89.5	43.3	13.0	2.1	31.1

(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."
(2) Provision surplus incorporates professional negligence claims against third parties of £3.1 million.
(3) For a discussion of types of mortgage loans, see "Industry Overview—Mortgage Loans."

The table below sets forth our loan portfolio by loan size, number of loans and value as of June 30, 2013.

Loan size	Number of loans	Value £m
Above £5m	4	27.8
£1m to £5m	40	76.6
£0.5m to £1m	64	41.8
£0.25m to £0.5m	227	75.7
£0.1m to £0.25m	1,039	147.7
£50k to £100k	3,071	204.0
Below £50k	21,095	418.9
Total	25,540	992.5

The charts below show our loan portfolio by value by asset class and indexed LTV band as of June 30, 2013.



Performing Loans

Performing loans as of June 30, 2013 consisted of: (i) nil arrears or arrears less than or equal to one month's contractual installment totaling £614.9 million, or 62.0% 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 £144.8 million, or 14.6% of our total loan portfolio.

As of June 30, 2013, performing loans totaled £759.7 million, or 76.5% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 4.0% in the year ended June 30, 2013 compared to the year ended June 30, 2012.

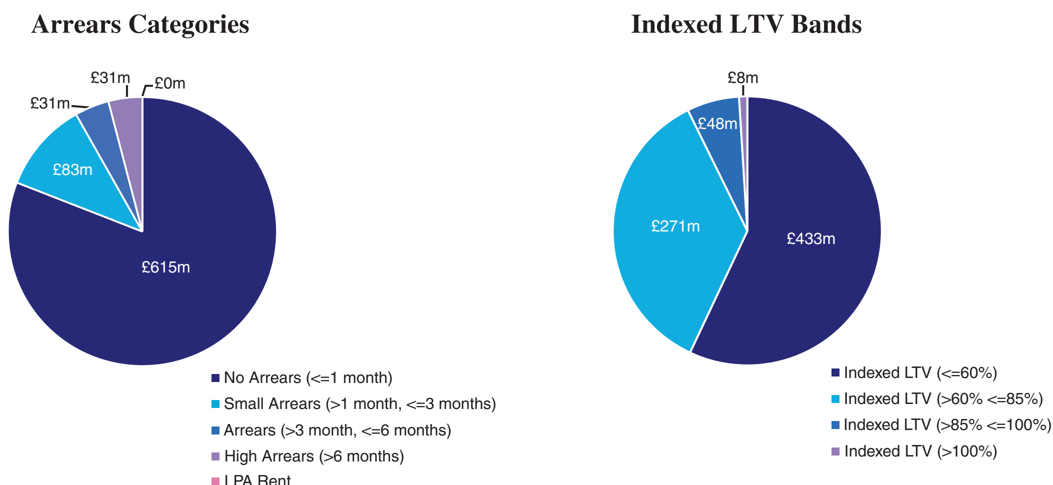
As of June 30, 2012, performing loans totaled £749.6 million, or 72.5% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 3.6% in the year ended June 30, 2012 compared to the year ended June 30, 2011.

As of June 30, 2011, performing loans totaled £756.0 million, or 68.9% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 2.3% in the year ended June 30, 2011 compared to the year ended June 30, 2010.

As of June 30, 2010, performing loans totaled £751.7 million, or 66.6% of our loan portfolio.

Performing loans as a percentage of our loan portfolio have increased from 66.6% as of June 30, 2010 to 76.5% as of June 30, 2013 due in part to our improved underwriting and in part to our improved collections and arrears management.

The charts below show our performing loans by value by arrears category and indexed LTV band as of June 30, 2013.



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, 2013, non-performing arrears loans totaled £102.2 million, or 10.3% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 2.3% in the year ended June 30, 2013 compared to the year ended June 30, 2012.

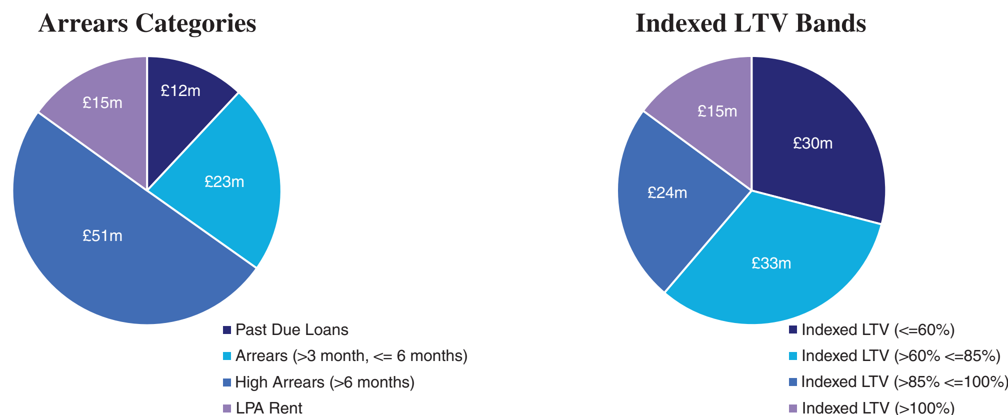
As of June 30, 2012, non-performing arrears loans totaled £130.5 million, or 12.6% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 4.2% in the year ended June 30, 2012 compared to the year ended June 30, 2011.

As of June 30, 2011, non-performing arrears loans totaled £184.5 million, or 16.8% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 1.2% in the year ended June 30, 2011 compared to the year ended June 30, 2010.

As of June 30, 2010, non-performing arrears loans totaled £202.9 million, or 18.0% of our loan portfolio.

As the proportion of our loan portfolio consisting of performing loans has increased, the proportion of our loan portfolio consisting of non-performing arrears loans has decreased from 18.0% as of June 30, 2010 to 10.3% as of June 30, 2013.

The charts below show our non-performing arrears loans by value by arrears category and by indexed LTV band as of June 30, 2013.



"LPA Rents" 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.

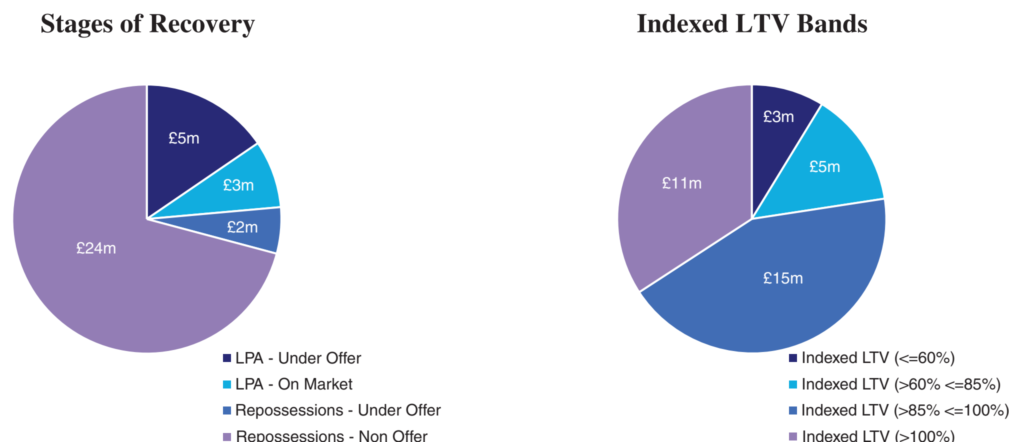
Loans classified as non-performing arrears loans continue to be managed under our collections and arrears processes. In some cases, we continue to receive payments, including in respect of accounts where forbearance has been offered and temporary payment plans have been agreed.

The level of our non-performing arrears loans is not indicative of our potential bad and doubtful debt exposure, as 85.1% of non-performing arrears loans have an LTV of less than 100%. Only £15.2 million of our non-performing arrears loans have an LTV greater than 100% with an exposure to negative equity of £3.9 million, taking into account cross guarantees, which is covered by provisions in an amount of £5.9 million. 80.1% of our non-performing arrears loans were underwritten prior to 2009.

Repossessions and LPA Sale

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 purposes and enable us to sell the property ("LPA Sales"). As of June 30, 2013, we had a total of £33.6 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 as of June 30, 2013.



"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, 2013, £11.5 million of our loans subject to a repossession order or LPA sales have an indexed LTV greater than 100% with an aggregate exposure to negative equity of £7.4 million, which is covered by provisions in an amount of £6.0 million and claims in respect of professional negligence against third parties of £2.8 million.

Development Loans

Development loans are loans that we historically extended to finance the development of land or property into residential units with repayments being made out of the sale of the units. Of our development loans, 93.1% were originated prior to 2009. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but underwrite relatively few new development loans. As of June 30, 2013, we had a total of £97.0 million in development loans, of which £62.2 million related to properties where construction was complete, £0.5 million related to properties for which sales were under contract, £15.2 million related to projects that remained under construction and £19.1 million related to land primarily held for resale and other uses. 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.

We have a dedicated team established to actively reduce this loan class by looking to dispose of properties while maximizing value. The completed residential units consist of traditional housing stock, including houses and apartments. A majority of the units have been completed and are being marketed for sale. Those units typically range in price from £80,000 to £250,000, with the average price for such a unit being approximately £125,000. Construction is ongoing at approximately 16% of the sites by value.

In the year ended June 30, 2012 and in the year ended June 30, 2013, we extended £7.2 million and £4.8 million, respectively, in further advances and have underwritten £1.8 million and £0.6 million, respectively, in new development loans. Due to the negative equity position of many 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, in the expectation that property prices will remain stable and liquidity will gradually return and, therefore, demand will recover.

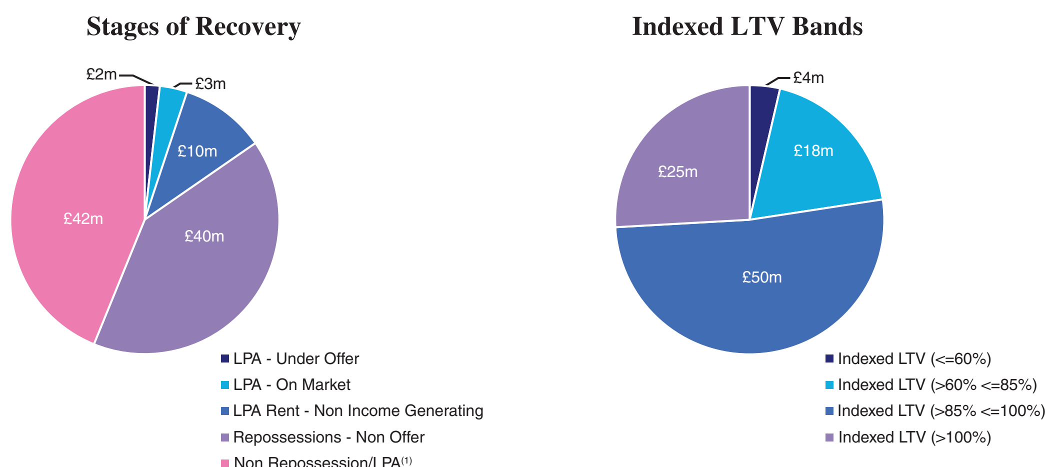
The table below shows the amount of development loans by value, the number of sites and the average balance of our development loans by ranges of loan size per site as of June 30, 2013.

	As of June 30, 2013		
	Amount in loans	**Number of sites**	**Average loan balance**
	(in £ million)		**(in £ million)**
> £5 million	40.9	6	6.8
£5 million to £1 million	46.2	21	2.2
£1 million to £0.5 million	5.9	9	0.7
< £0.5 million	4.0	23	0.2
Total	97.0	59	1.6

The table below shows the property status of our development loans as of June 30, 2013.

	As of June 30, 2013
	(in £ million)
Property completed	62.2
Sales under contract	0.5
Under construction	15.2
Land (held for sale or obtaining planning approvals)	17.5
Other	1.5
Total	97.0

The charts below show our development loans by value by stage of recovery and indexed LTV band as of June 30, 2013.



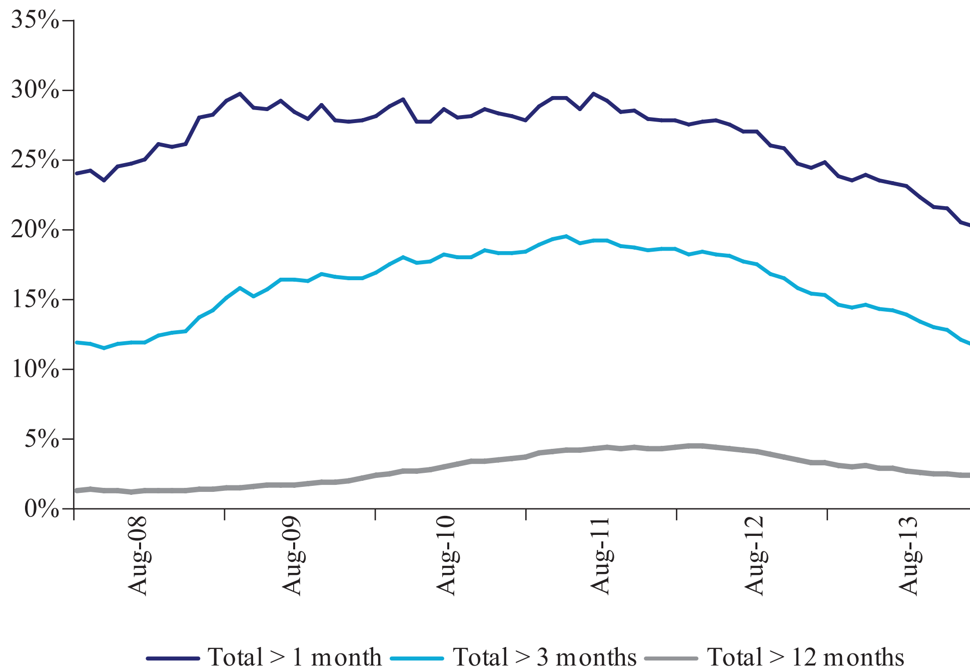
(1) "Non Repossession/LPA" refers to loans for which the properties securing such loans continue to be in the possession of the borrowers.

As of June 30, 2013, we had total exposure to negative equity on development loans, taking into account cross guarantees of £5.9 million and provisions against such exposure in an amount of £7.6 million.

Arrears Trends

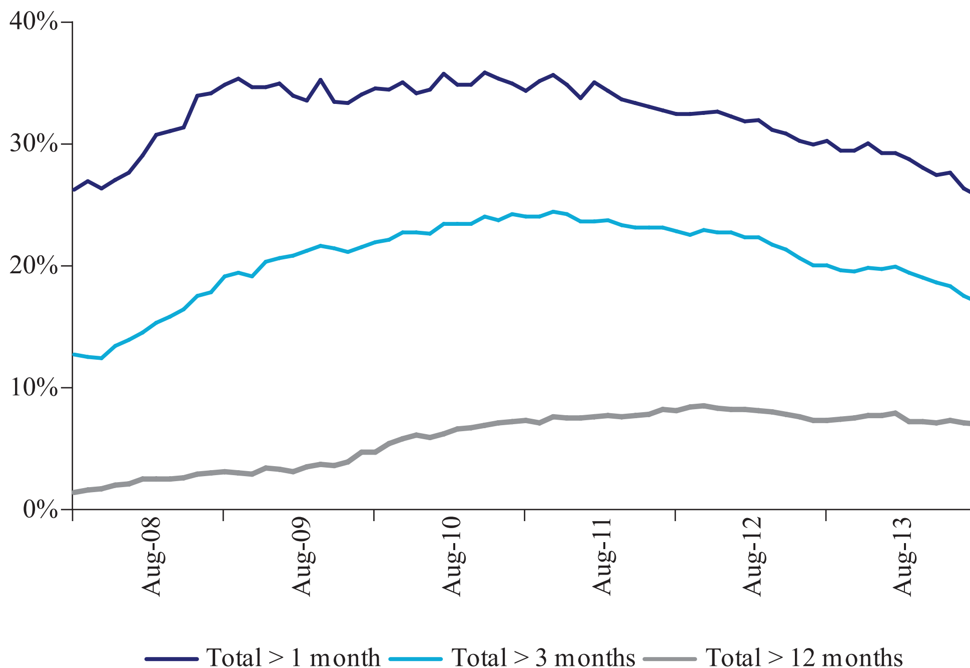
We do not reschedule our loans by capitalizing arrears. In this offering memorandum, arrears data are based on the original contractual position, using actual cash received to identify performing and non-performing arrears loans, and do not take into account either payment plans or agreed changes to 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 2013.



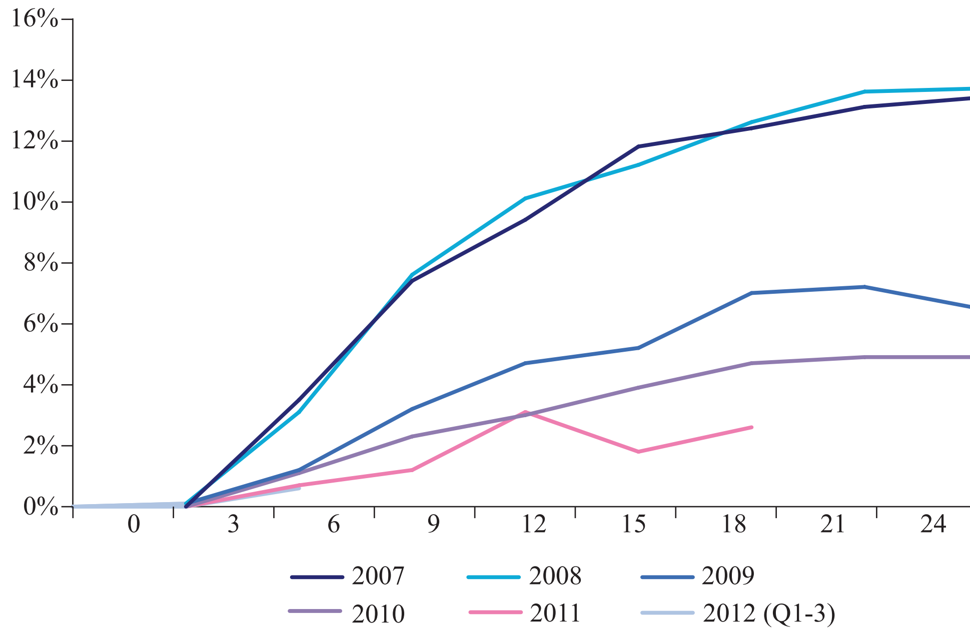
The number of loans in arrears increased until the beginning of 2009, as a result of the economic downturn, then remained stable until the beginning of 2011, at which point there began a marked reduction in the number of loans in arrears, with the number of loans in arrears less than or equal to one month's contractual installment returning to 2008 levels.

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 2008 to June 2013.



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, being the balance of loans with arrears greater than three months' contractual installments divided by the balance of loans in our loan portfolio as of June 30, 2013, for each year of origination from 2007 through March 31, 2012.

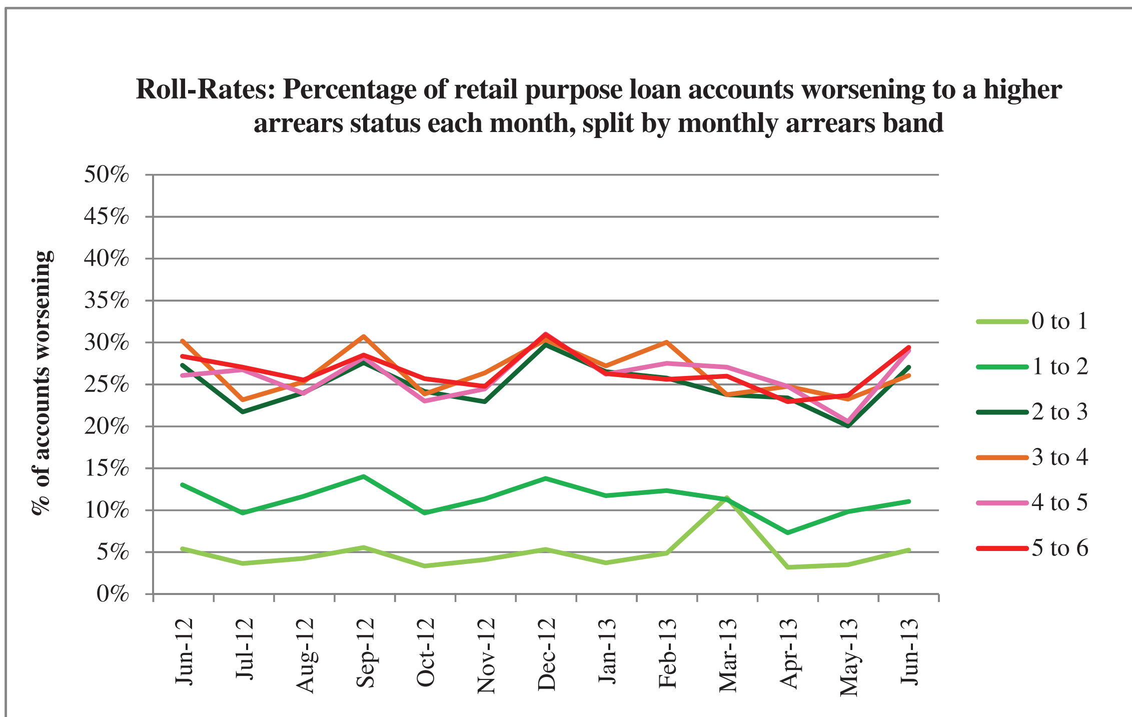


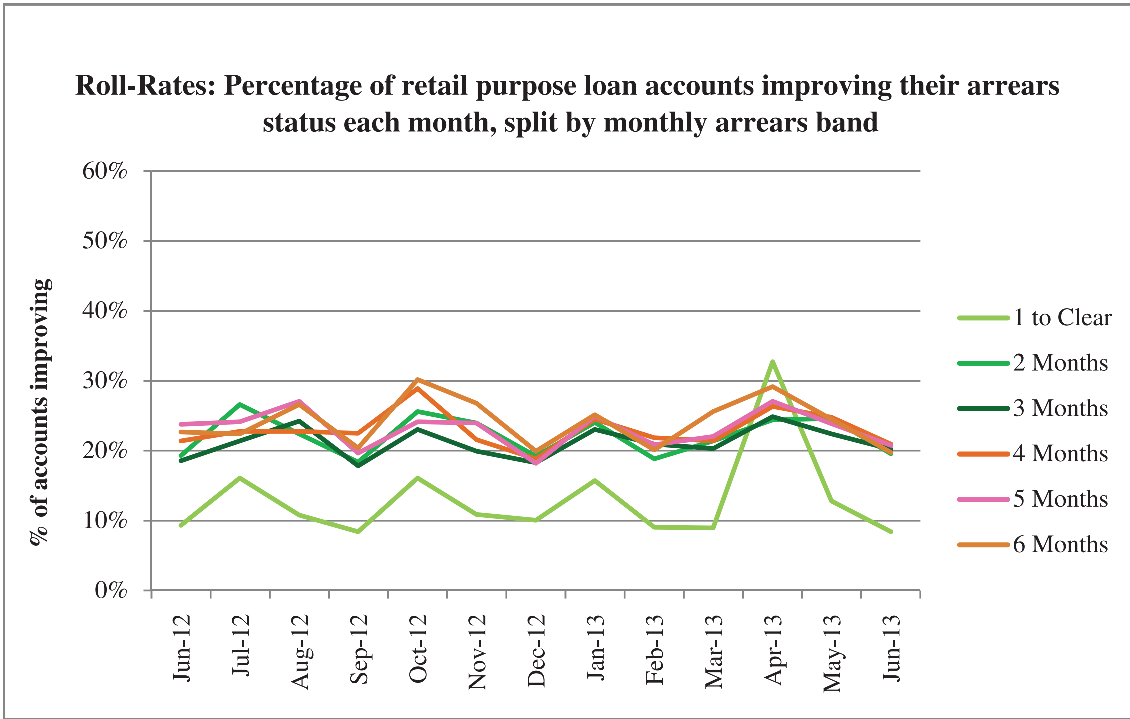
There has been a significant improvement in vintage delinquency rates since 2009, with the amount of loans experiencing arrears greater than three months contractual installments within 12 months of funding decreasing from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011.

Roll Rates

Retail Loans

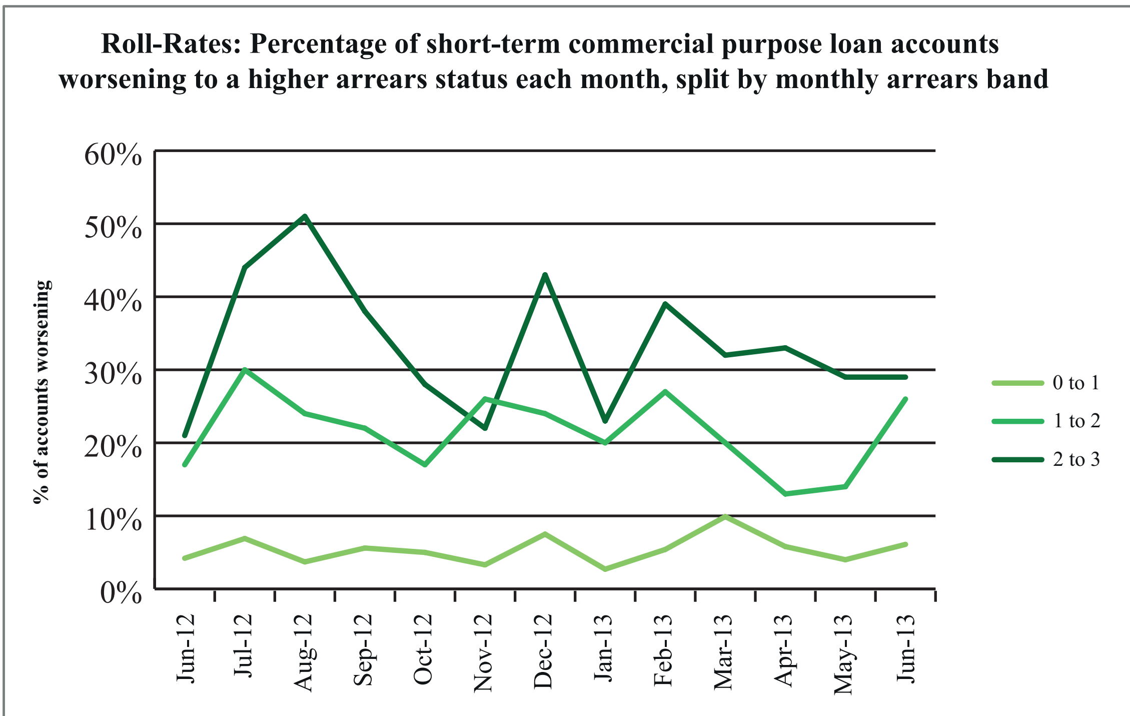
The graphs below show the percentage of retail accounts which rolled either to a worse or better arrears status each month in the year ended June 30, 2013. The majority of loans that are in arrears typically stay in arrears but do not deteriorate further in higher levels of arrears. For loans one month in arrears, 11% of accounts by number worsened to two months into arrears and 14% either improved to nil arrears or were redeemed. For loans two months in arrears, 25% worsened to three months in arrears and 23% either improved to one month or nil arrears or were redeemed.

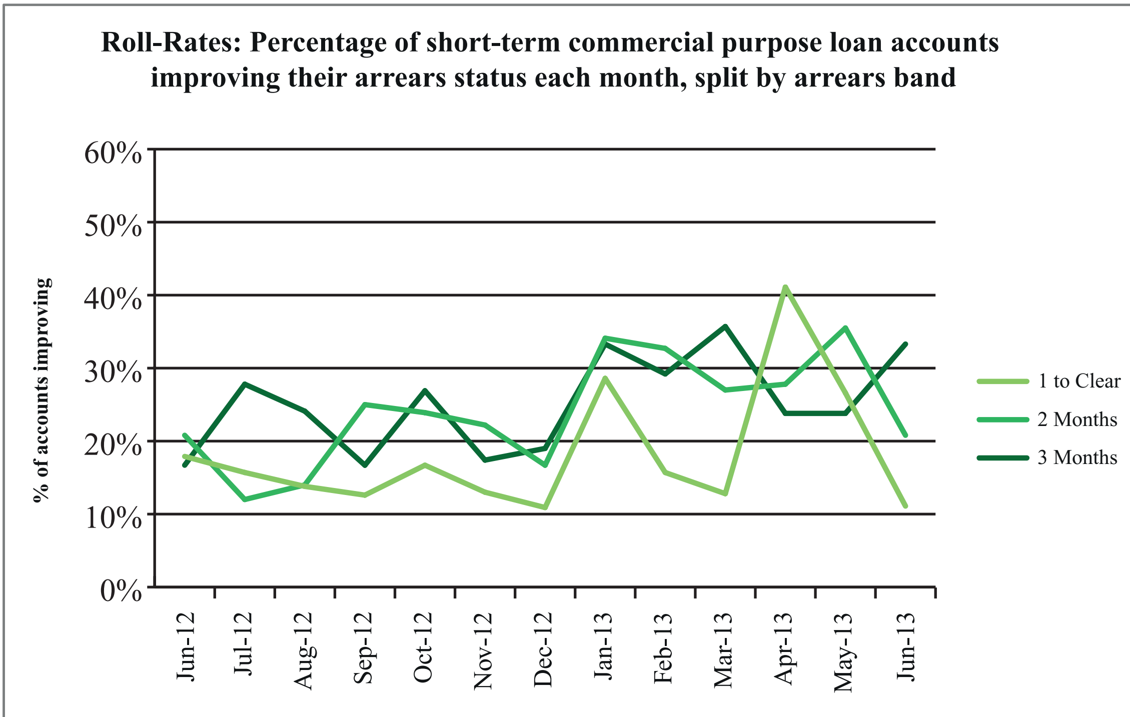




Short-term Commercial Purpose Loans

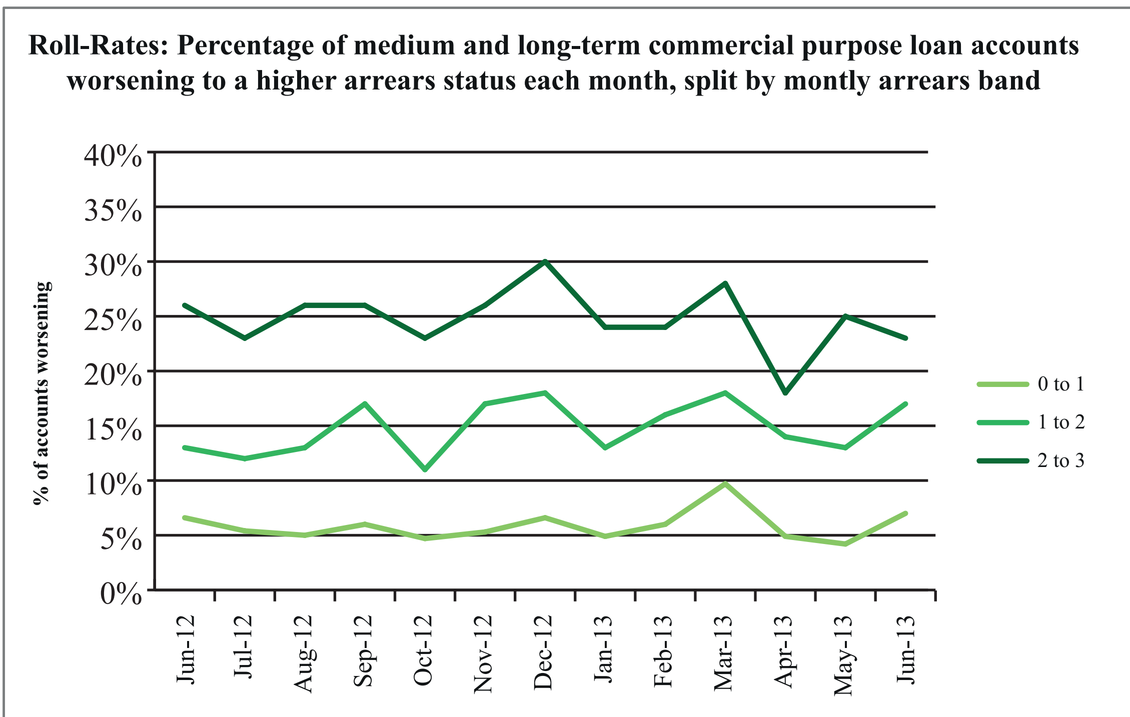
The graphs below show the percentage of short-term commercial accounts which rolled either to a worse or better arrears status each month in the year ended June 30, 2013. The percentage of short-term commercial accounts deteriorating further into arrears each month in the year ended June 30, 2013 has been stable. The majority of loans that are in arrears typically stay in arrears but do not deteriorate further into higher level of arrears. For loans one month in arrears, 22% of accounts by number worsened to two months in arrears and 23% either improved to nil arrears or were redeemed. For loans two months in arrears, 33% worsened to three months in arrears and 28% either improved or cleared their arrears or were redeemed. In the case of loans over three months in arrears, there are a relatively small number of loans deteriorating each month from three to four months in arrears (or similarly showing an improving arrears position), which makes the data very volatile and is therefore not included in the graph.

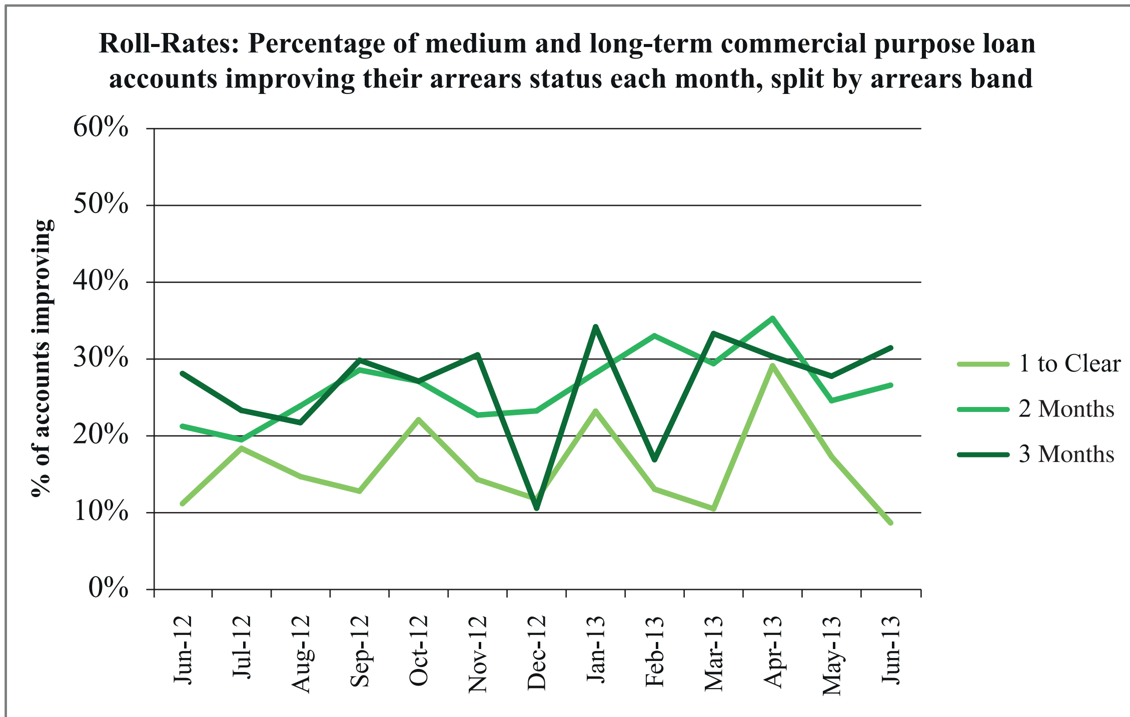




Medium and Long-term Commercial Purpose Loans

The graphs below show the percentage of medium and long-term commercial accounts which rolled to a worse or better arrears status each month for the year ended June 30, 2013. For loans one month in arrears, 15% of accounts by number worsened to two months in arrears and 17% either improved to nil arrears or were redeemed. For loans two months in arrears, 25% worsened to three months in arrears and 28% either improved or cleared their arrears or were redeemed. Beyond the three-month threshold there are a relatively small number of loans going each month from three to four months in arrears (or similarly improving), which makes the data very volatile and is therefore not included in the graph.





Loss Sensitivities

Total Loan Portfolio

The LTV of our loan portfolio on a weighted average indexed basis was 66.1% and, excluding development loans, was 62.3% as of June 30, 2013. Of our loan portfolio, 6.0% had an indexed LTV greater than 100% as of June 30, 2013, with exposure to negative equity of £18.2 million, provisions in place of £22.4 million and claims in respect of professional negligence against third parties of £3.1 million. In stress testing our loan portfolio as of June 30, 2013, using assumed 5%, 10%, 20%, 30% and 40% declines to indexed valuations (already incorporating negative movements on industry property indices from peak to current values of 15.4%) on a loan by loan analysis, then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £0.0 million, £11.2 million, £51.9 million, £131.1 million and £256.3 million would result, representing only 0.0%, 2.7%, 12.3%, 31.1% and 60.9% of our cumulated shareholder reserves, including subordinated debt, of £420.9 million.

Development Loan Portfolio

In stress testing our development loan portfolio, as a subset of our total loan portfolio, as of June 30, 2013, using assumed 5%, 10% and 20% declines to indexed valuations (already incorporating movements on industry property indices from peak to current values of 15.4%) on a loan by loan analysis then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £1.6 million, £5.5 million and £14.1 million would result.

Borrower Group Loan Analysis

The Borrower Group's total loan assets, as of June 30, 2010, 2011, 2012 and 2013 totaled £0.62 billion, £0.64 billion, £0.65 billion and £0.48 billion, respectively, net of bad and doubtful debt provisions.

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, 2013. The Borrower Group's loan portfolio contains almost all of our non-performing arrears loans, almost all of our repossession and LPA sales loans and all of our development loans, all of which are ineligible loans for the Conduit Securitization.

	As of June 30, 2013				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio	476.3	254.1	92.5	32.8	97.0
Number of loans	10,039	6,897	2,396	455	291
Average loan size (£)	47,440	36,835	38,587	72,010	333,268
Weighted average indexed LTV (%)[1]	79.3%	62.7%	84.8%	127.0%	101.1%
Total provisions	21.8	2.3	5.9	6.0	7.6
Provision surplus[2]	6.9	1.7	2.2	1.3	1.7
Repayment type[3]					
Capital repayment loans	228.3	168.9	47.4	12.0	0.0
Bridging loans	181.9	36.1	32.4	16.4	97.0
Interest only retail purpose	30.7	23.2	5.6	1.9	0.0
Interest only commercial purpose	35.3	25.8	7.0	2.5	0.0
Security					
Residential	392.3	213.5	71.6	18.3	88.9
Commercial	83.9	40.5	20.8	14.5	8.1
Purpose					
Retail	195.2	148.9	39.2	7.1	0.0
Commercial	281.0	105.2	53.2	25.6	97.0
Lien					
First	252.1	102.6	50.5	24.1	74.9
Second	224.2	151.5	42.0	8.6	22.1
Origination					
2013	29.0	28.5	0.0	0.0	0.6
2012	20.7	18.4	2.1	0.2	0.1
2011	25.7	18.0	4.6	1.0	2.1
2010	16.8	8.6	3.4	2.1	2.7
2009	25.7	16.2	6.9	1.4	1.2
2008	73.9	33.2	18.6	7.7	14.2
2007	126.9	66.0	29.4	14.0	17.4
2006	85.7	38.6	15.2	4.4	27.6
Pre 2006	71.9	26.5	12.3	2.0	31.1

(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."

(2) Provision surplus incorporates professional negligence claims against third parties of £3.1 million.

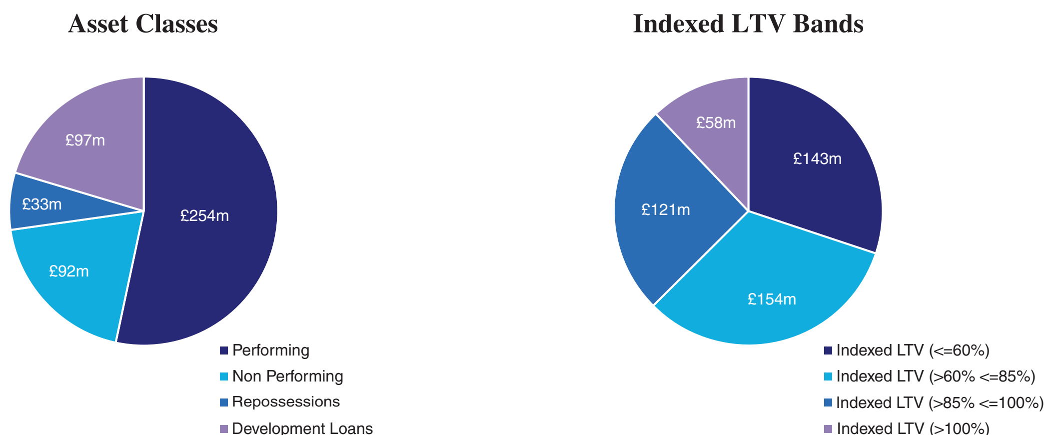
(3) For a discussion of types of mortgage loans, see "Industry Overview—Mortgage Loans."

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

	Retail Purpose 41.0%	Commercial Purpose 38.6%		Development 20.4%
		Short-term Commercial Purpose 43.4%	Medium and Long-term Commercial Purpose 56.6%	
Loan Portfolio Value . . .	• First Lien: £35.6 million • Second Lien: £159.6 million • Total: £195.2 million	• First Lien: £58.2 million • Second Lien: £21.6 million • Total: £79.8 million	• First Lien: £83.3 million • Second Lien: £20.9 million • Total: £104.3 million	• First Lien: £74.9 million • Second Lien: £22.1 million • Total: £97.0 million
Number of Loans	• First Lien: 727 • Second Lien: 7,271 • Total: 7,998	• First Lien: 396 • Second Lien: 204 • Total: 600	• First Lien: 744 • Second Lien: 407 • Total: 1,151	• First Lien: 122 • Second Lien: 168 • Total: 290
Weighted Average indexed LTV	• First lien: 61.8% • Second lien: 66.7% • Total: 65.8%	• First lien: 92.0% • Second lien: 77.2% • Total: 88.0%	• First lien: 80.6% • Second lien: 65.0% • Total: 77.5%	• First Lien: 101.2% • Second Lien: 100.6% • Total: 101.1%
Weighted Average Nominal Rate	• First lien: 10.5% • Second lien: 12.0% • Total: 11.7%	• First lien: 14.7% • Second lien: 16.1% • Total: 15.1%	• First lien: 10.7% • Second lien: 11.6% • Total: 10.9%	• First Lien: 11.8% • Second Lien: 11.8% • Total: 11.8%
Average Inception Loan Size	• First Lien: £46.3 thousand • Second Lien: £21.7 thousand • Total: £24.0 thousand	• First Lien: £167.8 thousand • Second Lien: £91.2 thousand • Total: £141.7 thousand	• First Lien: £121.2 thousand • Second Lien: £51.5 thousand • Total: £96.6 thousand	• First Lien: £405.7 thousand • Second Lien: £59.5 thousand • Total: £205.2 thousand

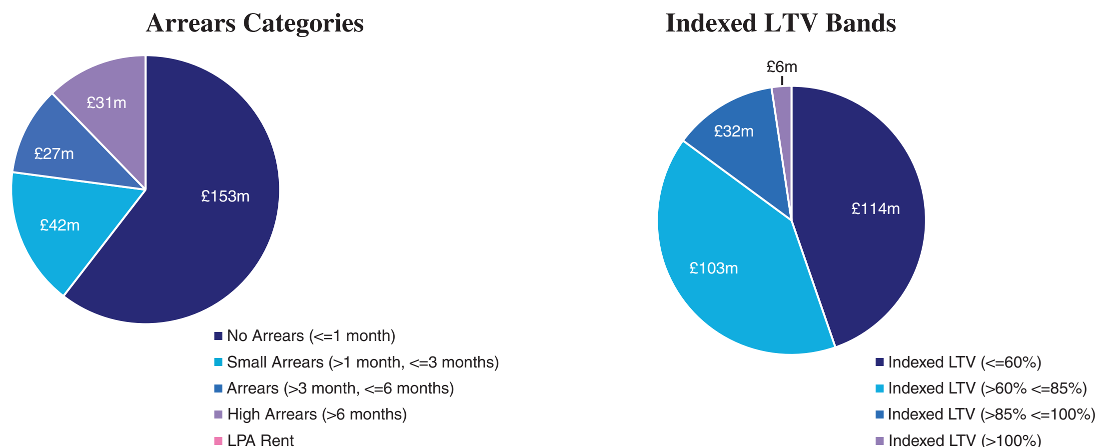
As of June 30, 2013, commercial purpose loans comprised 38.6% of the Borrower Group's loan portfolio, with a weighted average indexed LTV of 82.0% and a weighted average nominal rate of 12.7%.

The charts below show the Borrower Group's loan portfolio, by asset class and indexed LTV band as of June 30, 2013.

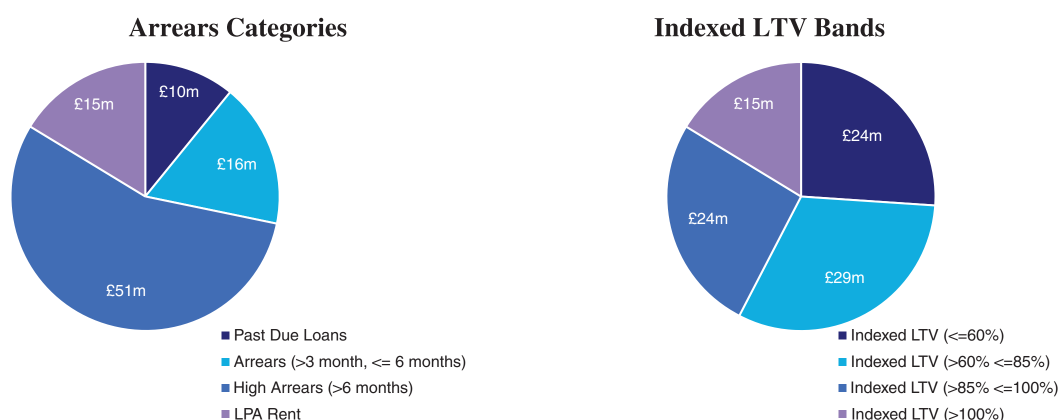


Performing loans as of June 30, 2013 consisted of: (i) nil arrears or arrears less than or equal to one month's contractual installment totaling £153.4 million, or 32.2% of the Borrower Group's loan portfolio, and (ii) "performing arrears loans," being loans with arrears greater than one month's but 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 £100.7 million, or 21.1% of the Borrower Group's loan portfolio.

The charts below show the Borrower Group's performing loans by value by arrears category and indexed LTV band as of June 30, 2013.



The charts below show the Borrower Group's non-performing arrears loans by value by arrears category and by indexed LTV band as of June 30, 2013.



The loan categories of reposessions 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, 2013, repossessions and LPA sales and development loans represented 6.9% and 20.4%, 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 79.3% and, excluding development loans, was 73.7% as of June 30, 2013. Of the Borrower Group's loan portfolio, 12.1% had an indexed LTV greater than 100% as of June 30, 2013, with exposure to negative equity of £17.9 million, provisions in place of £21.8 million and claims in respect of professional negligence against third parties of £3.1 million. In stress testing the Borrower Group's loan portfolio as of June 30, 2013, using assumed 5%, 10%, 20%, 30% and 40% declines to indexed valuations (already incorporating negative movements on industry property indices from peak to current values of 15.4%) on a loan by loan analysis, then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £0.1 million, £10.4 million, £42.5 million, £90.8 million and £148.9 million would result, representing only 0.0%, 3.7%, 15.1%, 32.3% and 52.9% of the Borrower Group's cumulated shareholder reserves, including subordinated debt, of £281.4 million.

Loan Assets Cash Flow Metrics

The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and fees and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion.

The group's cash interest receipts and interest income recognized as turnover in the income statement are closely aligned, reflecting the group's conservative accounting and provisioning policies. Cash interest receipts totalled

£436.7 million between July 1, 2009 and June 30, 2013, in comparison with the reported interest income of £456.4 million. In the year ended June 30, 2013, cash interest receipts were £107.8 million and reported interest income was £111.0 million.

The levels of cash generation have been very stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million respectively. Cash receipts expressed as a percentage of average total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels.

The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013 comprising: £46.1 million of interest and fees; £110.0 million of principal receipts; and £53.5 million surplus income from the Conduit Securitization. See "Summary—Overview—Our Sources of Funding." As of June 30, 2013, the Borrower Group's total loan assets were £0.48 billion.

Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011, 2012 and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013.

The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in year ended June 30, 2013 resulting in cash available for debt service and writing new business of £279.3 million for the group and £159.6 million for the Borrower Group.

In the year ended June 30, 2013, the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period the Borrower Group paid interest costs of £25.0 million.

In the year ended June 30, 2013, the group reduced its net debt facilities by 80.0 million (being a reduction of £173.5 million on the revolving credit facility and an increase in the Conduit Securitization of £93.5 million).

On a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of proceeds therefrom, the group and the Borrower Group would have paid cash interest costs of £42.0 million and £25.0 million, respectively, in the year ended June 30, 2013. The Conduit Securitization had pro forma amortization of £18.0 million per annum.

The group and the Borrower Group had surplus cash flow after all obligations, calculated on a pro forma basis, of £219.0 million and £134.5 million, respectively, with which to underwrite new business. 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 in the year ended June 30, 2013 for all loans in our loan portfolio that were live for the full 12 month period by loan segmentation. Loans that were originated or redeemed in the year ended June 30, 2013 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, 2013

	Retail purpose loans	Short-term Commercial purpose loans	Medium and long-term commercial purpose loans
Performing loans £m	429.5	49.5	160.8
Cash interest received (%)	11.6%	14.9%	11.5%
Non Performing Arrears Accounts	56.8	27.6	25.8
Cash interest received (%)	7.3%	6.1%	5.6%
Development loans			99.5
Cash interest received (%)			2.9%

Supplemental Cash Flow Information

The table below provides our cash flow information for the group and, on a pro forma basis, the Borrower Group:

	Supplemental consolidated cash flow information					
	Group					**Borrower Group**
	For the year ended June 30,				**For the year ended June 30,**	**For the year ended June 30,**
	2010	**2011**	**2012**	**2013**	**2013 (pro forma)**	**2013 (pro forma)**
	(£ in millions)					
Interest	128.6	98.1	102.1	107.8	107.8	46.1
Principal[(1)]	235.6	267.7	256.6	221.6	221.6	110.0
Conduit surplus income						53.5
Cash receipts	364.3	365.8	358.7	329.4	329.4	209.7
Overheads & expenses	(22.5)	(26.6)	(32.1)	(33.9)	(33.9)	(33.9)
Tax	(16.7)	(12.2)	(9.9)	(13.9)	(13.9)	(13.9)
Capital expenditure[(2)]	(0.1)	(0.3)	(1.9)	(2.2)	(2.2)	(2.2)
Cash available for debt service	**325.0**	**326.8**	**314.9**	**279.3**	**279.3**	**159.6**
Cash interest payable	(49.7)	(51.5)	(46.6)	(38.0)	(42.0)	(24.9)
Fees[(3)]	—	—	(0.3)	(17.3)	—	—
Debt repayments[(4)(5)]	(32.5)	(54.5)	(54.5)	(80.1)	(18.1)	(0.1)
Debt service	**(82.2)**	**(106.0)**	**(101.4)**	**(135.4)**	**(60.1)**	**(25.0)**
Surplus funds	**242.9**	**220.8**	**213.5**	**144.0**	**219.2**	**134.6**
New advances funded by Conduit Securitization[(6)]	(115.5)	(121.4)	(100.2)	(103.1)	(103.1)	—
New advances funded by Borrower Group	(114.7)	(94.7)	(71.4)	(68.5)	(68.5)	(68.5)
Increase/(Decrease) in cash	**12.6**	**4.6**	**41.9**	**(27.6)**	**47.6**	**66.2**
Less movement in conduit cash[(7)]	*(4.6)*	*(6.4)*	*(1.3)*	*(5.0)*		
Increase/(Decrease) in cash as per statutory accounts	*8.0*	*(1.8)*	*40.5*	*(32.6)*		

(1) We typically earn £10 million per each year through arrangement fees, renewal fees and collection fees. Fees are usually capitalized into the customer's loan balance and collected during the life of the loan or upon its redemption. We present the cash received from fees as principal collection receipts.

(2) Higher costs in the year ended June 30, 2013 related to the investment in new office and new IT equipment and systems.

(3) Fees relate to the refinancing of the Revolving Credit Facility and the Conduit Securitization in August 2012. Interest and fees are consolidated within our accounts into the line item "Returns on investments and servicing of financing."

(4) Following the offering of the Notes, the Revolving Credit Facility will cease to amortize. The Conduit Securitization amortizes at £4.5 million per quarter, or £18.0 million per annum, until July 2014.

(5) Debt repayment includes net repayments of the Revolving Credit Facility and the Conduit Securitization in the period. It differs from the information in the statutory accounts under "Financing," as it does not include the movement in the Conduit Securitization cash balance. Pro forma debt repayment for the group and the Borrower Group assumes that offering of the Notes and the application of proceeds therefrom, the August 2012 debt repayment of the Revolving Credit Facility and the Revolving Credit Facility Amortization Payment all occurred on July 1, 2012. Accordingly, the 2013 pro forma debt repayments for the group and the Borrower Group reflects solely the anticipated cash amortization payments of £4.5 million per quarter under the Conduit Securitization.

(6) The amount of new advances funded by the Conduit Securitization is shown as the net of the difference between the total cash of receipts of the group compared to the cash receipts of the Borrower Group less financing costs related to and amortization of the Conduit Securitization.

(7) The movement of cash within the Conduit Securitization 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; interest recognized on our total loan assets and net 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. Net weighted average interest rates have been calculated by dividing interest recognized by the average total loan asset balance.

	Year ended June 30,								
	2010			2011			2012		
	Average Total Loan Assets Balance	Interest Recognized	Net Weighted Average Rate	Average Total Loan Assets Balance	Interest Recognized	Net Weighted Average Rate	Average Total Loan Assets Balance	Interest Recognized	Net Weighted Average Rate
	(£ in millions, except for percentages)								
Average Total Loan Assets	1,121.4	119.4	10.6%	1,102.7	114.6	10.4%	1,050.6	111.5	10.6%

	Year ended June 30, 2013		
	Average Total Loan Assets Balance	Interest Recognized	Net Weighted Average Rate
	(£ in millions, except for percentages)		
Average Total Loan Assets	998.5	111.0	11.1%

In the year ended June 30, 2013, the net weighted average rate on our average total loan assets was 11.1%.

Return on Total Loan Assets

The table below sets forth our ratio of EBITDA to average total loan asset balance (after suspended income but before bad and doubtful debts) for each of the periods indicated.

	Year ended June 30,			
	2010	2011	2012	2013
Ratio of EBITDA to Average Total Loan Asset Balance (after suspended income but before bad and doubtful debts)	8.5%	8.3%	8.9%	8.9%

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, 2012			
	2010	2011	2012	2013
	(£ in millions, except for percentages)			
Average total loan assets	1,121.4	1,102.7	1,050.6	998.5
Net yield(1)	69.5	63.1	64.1	68.4
Yield spread(2)	4.7%	3.8%	3.9%	4.4%

(1) Net yield is defined as interest income recognized less interest costs paid, net of other interest income.

(2) Yield spread represents the difference between (i) interest income divided by average total loan assets and (ii) interest costs divided by average borrowings. Interest cost and average borrowing include subordinated debt interest and the subordinated debt value.

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, 2013 by the time remaining to maturity.

	As of June 30, 2013						
	1 month	1-3 months	3 months - 1 year	1 - 5 years	5 - 30 years	Past due loans[(1)]	Total
	(£ in millions)						
Performing Loans	1.7	6.3	38.8	62.0	600.4	50.5	759.7
Non-Performing Arrears Loans	0.1	0.1	0.9	6.0	52.8	42.3	102.2

(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 are recorded in accordance with UK GAAP. See "—Loan Provisionary Policy" and "—Critical Accounting Policies—Provisions for Bad and Doubtful Debts" 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.

	As of June 30,			
	2010	2011	2012	2013
	(£ in millions)			
Total provisions at the end of the period	21.1	23.6	25.1	24.3

Our presentation of provisions excludes provisions in respect of loans with carrying values of nil for which full provisions are in place.

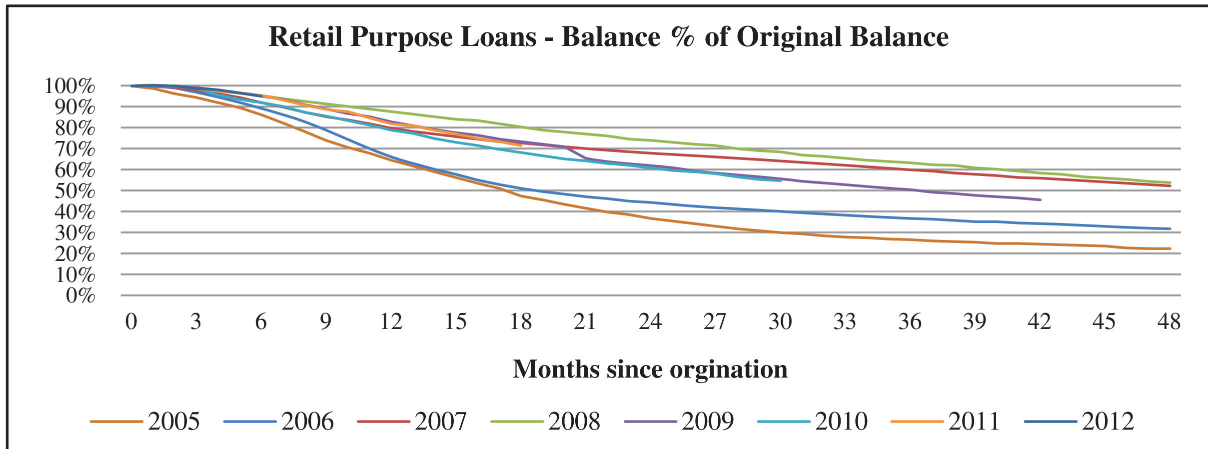
Pre-payment schedule

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 limit either due to changes in their personal circumstances, such as moving house, or the availability of alternative finance 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.

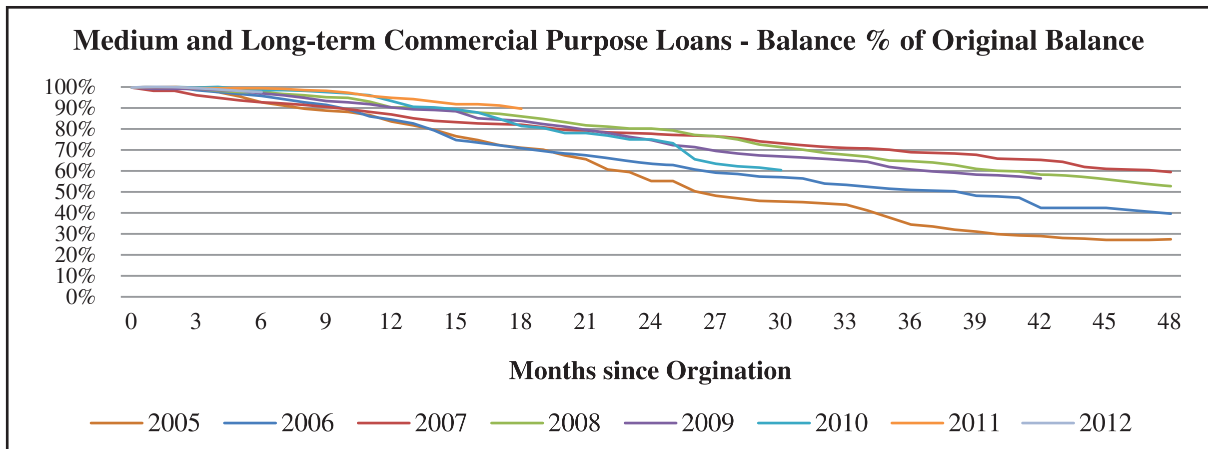
The charts below show the percentage of our total loan book that was pre-paid after the indicated number of months from inception for retail purpose loans, medium and long-term commerical purpose loans and short-term commercial loans. Development loans are not included. Pre-payment rates are calculated 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 after 12 months. After 2007, only 31% of the total loan portfolio was pre-paid after 12 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.

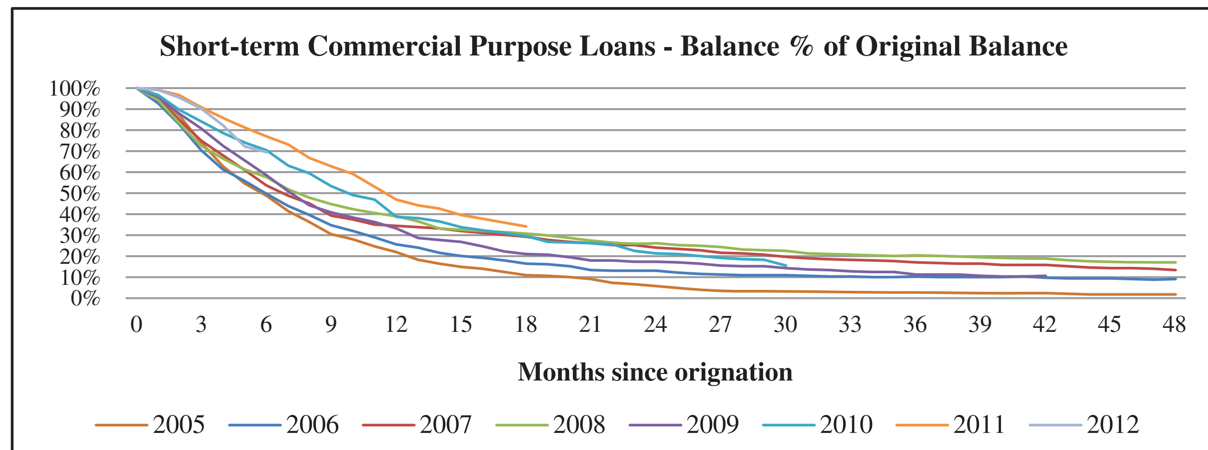
In the case of retail purpose loans underwritten in 2005 and 2006, approximately 35% were redeemed after 12 months, and this has fallen to approximately 18% for more recent loan vintages.



In the case of our medium and long-term commercial purpose loans underwritten in 2005 and 2006, approximately 16% were redeemed after 12 months. This has fallen to approximately 9% for more recent loan vintages.



In the case of our short-term commercial purpose loans underwritten in 2005 and 2006, approximately 76% were redeemed after 12 months. This has fallen to approximately 61% for more recent loan vintages.



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, 2013.

	Principal collection rates in the year ended June 30, 2013 split by loan vintage		
	Retail loans	**Short-term commercial purpose loans**	**Medium and long-term commercial purpose loans**
2006	3.3%	1.0%	3.6%
2007	6.8%	2.5%	6.4%
2008	8.6%	3.2%	12.6%
2009	9.8%	3.6%	10.3%
2010	13.4%	14.0%	21.2%
2011	23.7%	43.3%	9.8%
2012[(1)]	5.0%	30.6%	2.2%

(1) Principal collection rates for 2012 vintage relate to just a six-month collection period during 2013.

	Principal collection rates in the year ended June 30, 2013 split by loan book segmentation		
	Retail loans	**Short-term commercial purpose loans**	**Medium and long-term commercial purpose loans**
Performing	12.8%	52.2%	13.4%
Non Performing Arrears	21.6%	16.0%	28.6%
Repossessions	70.3%	34.9%	37.0%

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 six months ended June, 30 2013. 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 six months ended June 30, 2013	**Consolidated Group**	**Borrower Group**
Total Loan Portfolio balance excluding Repossessions and development loans	£861.9 million	£346.5 million
Total amounts due (CMI)	£ 61.7 million	£ 22.3 million
Amount received	£ 58.7 million	£ 21.0 million
Percentage of amount due, received	95.1%	94.1%

Losses by vintage

Our low origination LTV has historically protected the group from material losses on repossession. When a loan is subject to a repossession order (or LPA receivership), we have recovered on average 86.5% of the principal advanced on assets originated in the years ended June 30, 2008 and 2009 and 95.6% of the principal advanced on assets originated in the years ended June 30, 2010 and 2011. As of June 30, 2013, only 18 loans originated in 2012 and in the first six months of 2013 have been subject to a repossession order or LPA receivership.

Recovery rates by loan vintage

Repossessions by Origination Vintage	Year Ended June 30,					
	2008	2009	2010	2011	2012	2013
	(in £ millions, except for percentages)					
First lien advances	271.0	144.4	115.2	105.0	93.7	97.3
Second lien advances	295.8	119.7	110.0	105.7	76.1	80.0
Development advances	32.5	12.5	5.4	5.7	4.9	0.5
Total Advances	**599.3**	**276.6**	**230.5**	**216.4**	**174.8**	**177.8**
First lien repossessions	70.0	23.6	8.6	6.6	1.9	0.9
Second lien repossessions	30.4	6.4	1.0	2.3	0.2	0.1
Development repossessions	13.6	1.1	0.2	2.0	—	—
Total Repossessions	**114.0**	**31.1**	**9.8**	**10.9**	**2.1**	**1.0**
Principal Loss (Realized & Expected)						
First lien	4.0	3.3	0.1	0.2	—	—
Second lien	7.0	1.3	0.1	0.3	—	—
Development loans	2.2	0.3	0.2	—	—	—
Total Loss	**13.2**	**4.8**	**0.4**	**0.5**	—	—
Recovery rate (all)	88.4%	84.6%	95.3%	95.3%	98.5%	100.0%
Recovery rate (first lien loans)	94.2%	86.2%	98.8%	96.2%	99.9%	100.0%
Recovery rate (second lien loans)	77.1%	80.1%	87.9%	86.7%	82.7%	100.0%
Development loans	83.6%	76.9%	9.8%[1]	100.0%	N/A	N/A
Loss % of total advances	2.2%	1.7%	0.2%	0.2%	0.0%	0.0%

(1) The recovery rate on development loans originated in 2011 mostly relates to one loan with a principal balance of only £0.1 million.

Although a much lower percentage of second lien loans when compared to first lien loans have resulted in a repossession, recovery rates have been generally lower. Second lien loans originated in the years ended June 30, 2008 and 2009 have an average recovery rate of 79%. Loans advanced in such years were exposed to the subsequent fall in house prices, and as such, losses for these vintages are often higher. In comparison, very few loans originated since the year ended June 30, 2009 have resulted in repossession. The principal loss for second lien loans has fallen from £1.3 million for the loans underwritten in the year ended June 30, 2009 to a total sum of £472 thousand between the years ended June 30, 2010 and June 30, 2013.

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 using 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 Defence" model, which includes a risk management framework, ensuring risk management is integral to our business operations. For a further explanation of our risk management framework, 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. As a result of the introduction of such measures 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 12 months of loan origination) have decreased from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011. Since the onset of the global financial crisis, the number of competitors in our market segments has fallen considerably and 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, 2013, 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 28.7%. Of this percentage, 58.6% were performing arrears loan, 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. Between 2009 and 2011, we invested in developing a customer relationship management based IT platform in our residential collections department, which we have used 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 speak to 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 or 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, bad and doubtful debt provisions expensed on our profit and loss account in respect of potential loan principal losses have remained relatively low at no more than 1.1% of our average total loan assets in each of the years between 2008 and 2013, averaging at 0.7% over this period. In stress testing our loan portfolio and the Borrower Group's loan portfolio as of June 30, 2013, using an assumed 20% decline to indexed valuations (already incorporating movements on industry property indices from peak to current values of 15.4%) on a loan by loan analysis, then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £51.9 million and £42.5 million, respectively, would result, representing only 12.3% of our cumulated shareholder reserves, including subordinated debt, of £420.9 million and 15.1% of the Borrower Group's cumulated shareholder reserves, including shareholder debt, of £281.4 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—Risk Factors Relating to Our Business—A further deterioration of 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 37.4% as of June 30, 2010 to 35.8% as of June 30, 2011, 32.0% as of June 30, 2012 and 28.7% as of June 30, 2013. 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, 2013, 58.6% 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, as well as the rates at which we replace existing loans with new loans with potentially better credit quality and higher nominal interest rates. Our redemption levels remain at historically low levels and are significantly lower than redemption levels in 2006 and 2007. An increase in redemption levels would allow us to underwrite increased levels of new business.

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. See "Risk Factors—Risk factors relating to our business—Continued deterioration in the mortgage market in the United Kingdom may materially affect our business, results of operations and financial condition." 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 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 home 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—Risk Factors Relation 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. Since the onset of the global financial crisis, the number of competitors in our market segments has fallen considerably, thereby allowing us to strengthen our margins and improve the credit quality of the new business we have underwritten. 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.

Funding

We currently fund our total loan assets from cash provided by operations, shareholder reserves, the Subordinated Shareholder Loan Notes and amounts available under our Revolving Credit Facility and through our Conduit Securitization. The volume of loans we are able to originate is limited in part by the amount of funding available to us. During the last five years, we have seen that access to financing from third parties on reasonable terms is subject to fluctuations in both pricing and availability. Going forward, we plan to reduce our bank funded financing and our total exposure to any particular bank as a proportion of third party financing, and increase our

sources of financing through the issuance of capital market instruments, including the Notes offered hereby, as well as enter into financings with other bank counterparties. 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. Certain of our business operations are regulated by the FCA and the OFT. For additional information, see "Regulation." We have invested, and continue to invest, in quality assurance and compliance and our risk management framework. For additional information, see "Business—Risk Management" and "Business—Compliance and Quality Control." We also use third party regulatory specialist advisors to support our business operations. In December 2012, the FSA imposed a financial penalty of £1.2 million on CMCL, the subsidiary within our group that is now 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, £2.6 million of which has been utilized, to cover redress costs in connection with the fees and charges review. We established a provision of £2.3 million to cover potential redress costs in connection with the affordability reviews, none of which has been utilized. 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 has applied for regulatory approval to take up the role of a non-executive director of CMCL, as agreed with the FSA and detailed in the FSA notice. We have recruited a new CEO of CMCL, Gary Jennison, who is expected to take up the position prior to December 1, 2013. Gary Jennison will also be appointed the deputy CEO of the Jerrold Group. CMCL has received regulatory approval for this appointment by the FCA. In the meantime, and in order to fulfil our regulatory obligations, we have also applied for regulatory approval for Mr Gary Beckett to take up the role of interim CEO of CMCL for the period up until Gary Jennison commences his appointment. This application is currently being considered by the FCA. For additional information, see "Risk Factors—Risk Factors Relating to our Business—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."

Description of Principal Profit and Loss Items (UK GAAP)

Set forth below is a brief description of the composition of the key 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, legal fees of advisors and consultants including, for periods prior to July 1, 2012, the amortization of upfront financing fees. The balance of expenses, which are semi-fixed in nature, include information technology costs, property overheads and a number of small administrative expenses. Provisions for bad and doubtful debts include the reversal of prior overprovisions 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, overdrafts and other indebtedness. Interest payable and similar charges includes interest payable under the Revolving Credit Facility, discounts and interest payable under the notes issued under the Conduit Securitization and interest on the Subordinated Shareholder Loan Notes.

In the year ended June 30, 2013, interest payable and similar charges also included amortization of the finance fees in relation to the Revolving Credit Facility and Conduit 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/(loss) 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.

Minority Interests

Minority interests consist of the share of our profit from Heywood Finance Limited and Heywood Leasing Limited that accrue for the minority shareholder who owns 10% of each of these companies.

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 (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. 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 (including finance charges), interest receivable and similar income, tax on profit on ordinary activities and depreciation. EBITDA margin is calculated as EBITDA divided by turnover.

EBITDA-based measures are not measurements of financial performance under 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 governing the Notes. 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 and Other Data."

Results of Operations

Year Ended June 30, 2013 Compared with the Year Ended June 30, 2012

The table below sets forth certain profit and loss account data for the year ended June 30, 2012 and 2013.

	Year Ended June 30,		Percentage change
	2012	2013	
	(£ in millions)		(%)
Turnover	125.6	121.5	(3.3%)
Cost of Sales	(5.1)	(3.5)	(31.6%)
Gross Profit	120.5	118.0	(2.1%)
Administrative Expenses	(28.1)	(30.3)[1]	7.8%
Operating Profit	92.4	87.7	(5.0%)
Profit on Sale of Investment Properties	—	N/M	N/M
Interest Payable and Similar Charges	(47.4)	(42.7)[1]	(10.0%)
Interest Receivable and Similar Income	N/M	N/M	N/M
Profit on Ordinary Activities before Taxation	45.0	45.2	0.2%
Tax on Profit on Ordinary Activities	(13.4)	(11.2)	(16.8%)
Profit on Ordinary Activities after Taxation	31.6	34.0	7.5%
Minority Interests	N/M	N/M	N/M
Retained Profit for the Financial Year	31.6	34.0	7.5%
EBITDA	93.5	88.5	(5.3%)
EBITDA Margin (%)	74.4	72.9	

(1) In the year ended June 30, 2013, interest payable and similar charges also included the amortization of the finance fees in relation to the Revolving Credit Facility and the Conduit Securitization. In prior periods this was included in administrative expenses.

Turnover

Turnover in the year ended June 30, 2013 was £121.5 million compared to £125.6 million in the year ended June 30, 2012, a decrease of £4.1 million or 3.3%, primarily due to a reduction in interest income and other loan receipts. Interest income in the year ended June 30, 2013 was £111.0 million compared to £111.5 million in the year ended June 30, 2012, a decrease of £0.4 million or 0.4%, primarily due to a reduction in the size of our average total loan assets to £998.5 million from £1,050.6 million, or 5.0%, and primarily offset by an increase in the rate of return earned on our average total loan assets, which increased to 11.1% from 10.6%. Other loan receipts in the year ended June 30, 2013 was £10.0 million compared to £11.5 million in 2012, a decrease of £1.5 million or 13.3%. Other loan receipts represented a return of 1.0% in the year ended June 30, 2013 compared with 1.1% in the year ended June 30, 2012.

Cost of Sales

Cost of sales in the year ended June 30, 2013 was £3.5 million compared to £5.1 million in the year ended June 30, 2012. In the year ended June 30, 2012, cost of sales included £2.1 million in respect of the disposal of properties from the portfolio of properties owned by the group. After excluding the cost of sales in respect of the properties from the portfolio of properties owned by the group, cost of sales as a percentage of new loans underwritten in the year ended June 30, 2013 was 2.3%, compared to 2.0% for the year ended June 30, 2012, an increase of 0.3%.

Gross Profit

Gross profit in the year ended June 30, 2013 was £118.0 million compared to £120.5 million in the year ended June 30, 2012, a decrease of £2.5 million or 2.1%, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2013 were £30.3 million compared to £28.1 million in the year ended June 30, 2012, an increase of £2.2 million or 7.8%. This increase reflects an increase in rent and local council charges of £1.2 million following our relocation to our new Lake View office building in September 2012 (including additional rents while we decommissioned our old premises) and an increase in staff costs of £1.0 million, with the balance being additional increases in overheads, which were partially offset by the exclusion from the administrative expenses of the amortization of the finance fees in relation to the Revolving Credit Facility and the Conduit Securitization.

Bad and doubtful debt provisioning costs in the year ended June 30, 2013 were £6.3 million compared to £6.5 million in the year ended June 30, 2012.

The ratio of provisions for bad and doubtful debts to our average total loan assets was 0.6% in both the year ended June 30, 2013 and the year ended June 30, 2012.

Operating Profit

Operating profit in the year ended June 30, 2013 was £87.7 million compared to £92.4 million in the year ended June 30, 2012, a decrease of £4.7 million or 5.0%, for the reasons described above.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2013 were £42.7 million compared to £47.4 million in the year ended June 30, 2012, a decrease of £4.7 million or 10.0%. This decrease was due to the combined effect of a reduction in our borrowings by £80.0 million as a result of the amortization of our financing facilities and as a result of the expiration of certain of our hedging arrangements, which were fixed at a higher rate than recent LIBOR rates.

Interest Receivable and Similar Income

Interest receivable and similar income in the year ended June 30, 2013 was £92.5 thousand compared to £68.2 thousand in the year ended June 30, 2012, an increase of £24.2 thousand or 35.5%. Interest receivable and similar income is earned on monies held in our bank accounts.

Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation in the year ended June 30, 2013 was £45.2 million compared to £45.0 million in the year ended June 30, 2012, an increase of £0.1 million or 0.2%, for the reasons described above.

Tax on Profit on Ordinary Activities

Tax on profit on ordinary activities in the year ended June 30, 2013 was £11.2 million compared to £13.4 million in the year ended June 30, 2012, a decrease of £2.3 million or 16.8%. This decrease was primarily due to the tax charge in the year ended June 30, 2012 including an adjustment in respect of previous periods of £1.4 million and a reduction in the UK Corporation Tax rate to 24% for the tax year from April 1, 2012 compared to 26% for the tax year from April 1, 2011.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation in the year ended June 30, 2013 was £34.0 million compared to £31.6 million in the year ended June 30, 2012, an increase of £2.4 million or 7.5%, for the reasons described above.

Minority Interests

Minority interests in the year ended June 30, 2013 were £23.2 thousand compared to £34.1 thousand in the year ended June 30, 2012, a decrease of £10.8 thousand. This decrease was due to a reduction in the profits of Heywood Finance Limited and Heywood Leasing Limited, which are 90% owned by us and which are no longer underwriting new loans.

Retained Profit for the Financial Year

Retained profit for the financial year in the year ended June 30, 2013 was £34.0 million compared to £31.6 million in the year ended June 30, 2012, an increase of £2.4 million or 7.5%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2013 was £88.5 million compared to £93.5 million in the year ended June 30, 2012, a decrease of £4.9 million or 5.3%, for the reasons described above. EBITDA margin in the year ended June 30, 2013 was 72.9% compared to 74.4% in the year ended June 30, 2012. The decline in the EBITDA margin is primarily caused by reduced interest income due to the reduced loan book size and cost increases, described above, relating in part to the move to new offices.

Year Ended June 30, 2012 Compared with Year Ended June 30, 2011

The table below sets forth certain profit and loss account data for the years ended June 30, 2011 and 2012.

	Year Ended June 30,		Percentage change
	2011	2012	
	(£ in millions)		(%)
Turnover	130.3	125.6	(3.6)%
Cost of Sales	(4.4)	(5.1)	17.4%
Gross Profit	125.9	120.5	(4.3)%
Administrative Expenses	(35.3)	(28.1)	(20.5)%
Operating Profit	90.6	92.4	2.0%
Loss on Sale of Investment Properties	(0.054)	0.000	(100)%
Interest Payable and Similar Charges	(51.6)	(47.4)	(8.1)%
Interest Receivable and Similar Income	N/M	N/M	N/M
Profit on Ordinary Activities before Taxation	39.1	45.0	15.3%
Tax on Profit on Ordinary Activities	(11.1)	(13.4)	20.9%
Profit on Ordinary Activities after Taxation	28.0	31.6	13.1%
Minority Interests	N/M	N/M	N/M
Retained Profit for the Financial Year	28.0	31.6	12.9%
EBITDA	91.5	93.5	2.2%
EBITDA Margin (%)	70.2%	74.4%	

Turnover

Turnover in the year ended June 30, 2012 was £125.6 million compared to £130.3 million in the year ended June 30, 2011, a decrease of £4.7 million or 3.6%, primarily due to a reduction in interest income and other loan receipts, partially offset by an increase in income from the disposal of properties. Interest income in the year ended June 30, 2012 was £111.5 million compared to £114.6 million in the year ended June 30, 2011, a decrease of £3.1 million or 2.7%, which was primarily due to a reduction in our average total loan assets to £1,050.6 million from £1,102.7 million in the respective periods. The rate of return earned on our average total loan assets in the year ended June 30, 2012 was 10.6% compared to 10.4% in the year ended June 30, 2011. Other loan receipts in the year ended June 30, 2012 was £11.5 million compared to £15.2 million in the year ended June 30, 2011, due to the reduction in our average total loan assets and a reduction in fee income earned. Other loan receipts represented a return of 1.1% in the year ended June 30, 2012, compared to 1.4% in the year ended June 30, 2011. Income from the disposal of properties was £2.3 million in the year ended June 30, 2012 compared to £0.1 million in the year ended June 30, 2011, principally as a result of the sale of a property from the portfolio of properties owned by the group for an amount of £2.1 million in the year ended June 30, 2012.

Cost of Sales

Cost of sales in the year ended June 30, 2012 was £5.1 million compared to £4.4 million in the year ended June 30, 2011. Cost of sales included £2.1 million in respect of the property from the portfolio of properties owned by the group described above. After excluding the cost of sales in respect of the property from the portfolio of properties owned by the group, cost of sales as a percentage of new loans underwritten in the year ended June 30, 2012 was 2.0%, compared to 1.8% for the year ended June 30, 2011.

Gross Profit

Gross profit in the year ended June 30, 2012 was £120.5 million compared to £125.9 million in the year ended June 30, 2011, a decrease of £5.5 million or 4.3%, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2012 were £28.1 million compared to £35.3 million in the year ended June 30, 2011, a decrease of £7.2 million or 20.5%. This decrease was primarily due to a reduction in bad and doubtful debt provisioning costs of £4.5 million to £6.5 million in the year ended June 30, 2012 from £11.0 million in the year ended June 30, 2011 and a decrease in regulatory costs of £3.0 million in the year ended June 30, 2012 compared to the year ended June 30, 2011, and an increase in staff costs of £1.0 million in the year ended June 30, 2012 compared to the year ended June 30, 2011. Regulatory expenses and provisions decreased by £4.2 million over the period, which was offset by an increase in professional fees in relation to regulatory matters of £1.2 million over the same period.

Bad and doubtful debt provisioning costs in the year ended June 30, 2012 was £6.5 million compared to £11.0 million in the year ended June 30, 2011. This decrease was mainly due to the recognition of lower provisions than in prior years as older loans have been increasingly written down to a level that is considered recoverable.

For the year ended June 30, 2012, the ratio of provisions for bad and doubtful debts to our average total loan assets were 0.6%, representing a decrease of 0.4% compared to the ratio of 1.0% in the year ended June 30, 2011.

Operating Profit

Operating profit in the year ended June 30, 2012 was £92.4 million compared to £90.6 million in the year ended June 30, 2011, an increase of £1.8 million or 2.0%, for the reasons described above.

Loss on Sale of Investment Properties

Loss on sale of investment properties in the year ended June 30, 2012 was nil compared to £54.0 thousand in the year ended June 30, 2011. There were no investment property disposals in 2012.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2012 was £47.4 million compared to £51.6 million in the year ended June 30, 2011, a decrease of £4.2 million or 8.1%, primarily due to a reduction in our average borrowings as a result of the amortization of our Conduit Securitization and as a result of the expiry of certain of our hedging arrangements.

Interest Receivable and Similar Income

Interest receivable and similar income in the year ended June 30, 2012 was £68.2 thousand compared to £65.7 thousand in the year ended June 30, 2011, an increase of £2.6 thousand or 3.9%.

Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation in the year ended June 30, 2012 was £45.0 million compared to £39.1 million in the year ended June 30, 2011, an increase of £6.0 million or 15.3%, for the reasons described above.

Tax on Profit on Ordinary Activities

Tax on profit on ordinary activities in the year ended June 30, 2012 was £13.4 million compared to £11.1 million in the year ended June 30, 2011, an increase of £2.3 million or 20.9%. This increase was due to the increased

profit on ordinary activities before taxation, a tax charge of £1.4 million in the year ended June 30, 2012 in respect of a prior year adjustment and an increase in non-deductible expenses. This was partially offset by a reduction in the effective rate of UK Corporation Tax rate to 25.5% in the year ended June 30, 2012 compared to 27.5% in the year ended June 30, 2011.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation in the year ended June 30, 2012 was £31.6 million compared to £28.0 million in the year ended June 30, 2011, an increase of £3.7 million, or 13.1%, for the reasons described above.

Minority Interests

Minority interests in the year ended June 30, 2012 were negative £34.1 thousand compared to £16.4 thousand in the year ended June 30, 2011, an increase of £50.5 thousand or 307.4%. This increase in the allocation of profits to the minority shareholder was due to the return to profits of Heywood Finance Limited and Heywood Leasing Limited, which are 90% owned by us and which are no longer underwriting new loans.

Retained Profit for the Financial Year

Retained profit for the financial year in the year ended June 30, 2012 was £31.6 million compared to £28.0 million in the year ended June 30, 2011, an increase of £3.6 million, or 12.9%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2012 was £93.5 million compared to £91.5 million in the year ended June 30, 2011, an increase of £2.0 million, or 2.2%, for the reasons described above. EBITDA margin in the year ended June 30, 2012 was 74.4% compared to 70.2% in the year ended June 30, 2011.

Year Ended June 30, 2011 Compared with Year Ended June 30, 2010

The table below sets forth certain profit and loss account data for the years ended June 30, 2010 and 2011.

	Year Ended June 30,		Percentage change
	2010	2011	
	(£ in millions)		(%)
Turnover	135.6	130.3	(3.9)%
Cost of Sales	(4.4)	(4.4)	(1.1)%
Gross Profit	131.2	125.9	(4.0)%
Administrative Expenses	(37.2)	(35.3)	(5.1)%
Operating Profit	94.0	90.6	(3.6)%
Loss on Sale of Investment Properties	0.000	(0.054)	100%
Interest Payable and Similar Charges	(49.9)	(51.6)	3.3%
Interest Receivable and Similar Income	N/M	N/M	N/M
Profit on Ordinary Activities before Taxation	44.1	39.1	(11.4)%
Tax on Profit on Ordinary Activities	(12.3)	(11.1)	(9.6)%
Profit on Ordinary Activities after Taxation	31.8	28.0	(12.2)%
Minority Interests	N/M	N/M	N/M
Retained Profit for the Financial Year	31.9	28.0	(12.2)%
EBITDA	94.9	91.5	(3.6)%
EBITDA Margin	70.0%	70.2%	

Turnover

Turnover in the year ended June 30, 2011 was £130.3 million compared to £135.6 million in the year ended June 30, 2010, a decrease of £5.3 million or 3.9%, primarily due to a reduction in interest income. Interest income in the year ended June 30, 2011 was £114.6 million compared to £119.4 million in the year ended June 30, 2010, a decrease of £4.8 million or 4.0%, primarily due to a reduction in the size of our average total

loan assets to £1,102.7 million from £1,121.4 million in the respective periods and a reduction in the rate of return earned on our average total loan assets to 10.4% from 10.6% in the respective periods. In the same period, other loan receipts remained unchanged at £15.2 million in the year ended June 30, 2011 and £15.2 million in the year ended June 30, 2010; income from disposal of properties decreased to £0.1 million in the year ended June 30, 2011 from £0.2 million in the year ended June 30, 2010; and other income decreased to £0.4 million in the year ended June 30, 2011 from £0.8 million in the year ended June 30, 2010 as a result of reduced brokerage activity and income generated from commissions.

Cost of Sales

Cost of sales in the year ended June 30, 2011 was £4.4 million, unchanged from the year ended June 30, 2010. Cost of sales included £0.7 million in respect of a provision made for writing down the value of certain stock property. After excluding the cost of sales in respect of the stock property, cost of sales as a percentage of new loans underwritten in the year ended June 30, 2011 was 1.8%, compared to 1.9% for the year ended June 30, 2010.

Gross Profit

Gross profit in the year ended June 30, 2011 was £125.9 million compared to £131.2 million in the year ended June 30, 2010, a decrease of £5.3 million or 4.0%, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2011 were £35.3 million compared to £37.2 million in the year ended June 30, 2010, a decrease of £1.9 million or 5.1%. This decrease was primarily due to the net effect of a reduction in bad and doubtful debt provisioning costs of £1.4 million, to £11.0 million in the year ended June 30, 2011 from £12.4 million in the year ended June 30, 2010; a decrease in professional fees of £0.5 million primarily relating to advice on regulatory matters; and a decrease in regulatory costs of £3.0 million in the year ended June 30, 2011 compared to the year ended June 30, 2010 and an increase in staff costs of £2.4 million in the year ended June 30, 2012 compared to the year ended June 30, 2011. One-off regulatory expenses in the year ended June 30, 2011 included regulatory provisions of £4.5 million to cover provisions for affordability redress and potential fines and other one-off regulatory provisions; in the year ended June 30, 2010 included regulatory provisions of £3.0 million to cover fees and charges redress and £4.2 million to cover PPI redress.

Provisions for bad and doubtful debts in the year ended June 30, 2011 were £11.0 million compared to £12.4 million in the year ended June 30, 2010.

For the year ended June 30, 2011, the ratio of provisions for bad and doubtful debts to our average total loan assets were 1.0%, representing a decrease of 0.1% compared to the ratio of 1.1% in the year ended June 30, 2010.

Operating Profit

Operating profit in the year ended June 30, 2011 was £90.6 million compared to £94.0 million in the year ended June 30, 2010, a decrease of £3.4 million or 3.6%, for the reasons described above.

Loss on Sale of Investment Properties

Loss on sale of investment properties in the year ended June 30, 2011 was £54.0 thousand compared to nil in the year ended June 30, 2010. This decrease was primarily due to no investment property disposals in the year ended June 30, 2010.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2011 was £51.6 million compared to £49.9 million in the year ended June 30, 2010, an increase of £1.7 million or 3.3%. This increase was due to the combined impact of a reduction in our borrowings by £54.5 million offset by an increase in the effective interest rate paid on our debt from 6.0% to 6.6%.

Interest Receivable and Similar Income

Interest receivable and similar income in the year ended June 30, 2011 was £65.7 thousand compared to £35.7 thousand in the year ended June 30, 2010, an increase of £30.0 thousand or 84.2%.

Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation in the year ended June 30, 2011 was £39.1 million compared to £44.1 million in the year ended June 30, 2010, a decrease of £5.0 million or 11.4%, for the reasons described above.

Tax on Profit on Ordinary Activities

Tax on profit on ordinary activities in the year ended June 30, 2011 was £11.1 million compared to £12.3 million in the year ended June 30, 2010, a decrease of £1.2 million or 9.5%. This decrease was primarily due to the reduction in profit on ordinary activities before taxation and the reduction in the effective rate of UK Corporation Tax rate to 27.5% in the year ended June 30, 2011 compared to 28.0% in the year ended June 30, 2010.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation in the year ended June 30, 2011 was £28.0 million compared to £31.8 million in the year ended June 30, 2010, a decrease of £3.9 million, or 12.2%, for the reasons described above.

Minority Interests

Minority interests in the year ended June 30, 2011 were £16.4 thousand compared to £21.6 thousand in the year ended June 30, 2010, a decrease of £5.2 thousand or 24.0%. This decrease in the allocation of losses to the minority shareholder was due to the reduced losses of Heywood Finance Limited and Heywood Leasing Limited, which are 90% owned by us and which are no longer underwriting new loans.

Retained Profit for the Financial Year

Retained profit for the financial year in the year ended June 30, 2011 was £28.0 million compared to £31.9 million in the year ended June 30, 2010, a decrease of £3.9 million, or 12.2%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2011 was £91.5 million compared to £94.9 million in the year ended June 30, 2010, a decrease of £3.5 million, or 3.6%, for the reasons described above. EBITDA margin in the year ended June 30, 2011 was 70.2% compared to 70.0% in the year ended June 30, 2010.

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. Our primary sources of liquidity are provided by our cash from operating activities, our Revolving Credit Facility and our Conduit Securitization. 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, 2013, we had cash balances of £38.2 million. Of this amount, £19.0 million was unrestricted cash, with the remaining £19.2 million being restricted as part of the Conduit Securitization. In addition to cash at hand and amounts available under the Revolving Credit Facility and through the Conduit Securitization, we have an undrawn overdraft facility of £5.0 million, which provides us additional day-to-day liquidity should any unforeseen events occur.

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 actively monitor cash positions on a daily and weekly basis and employ cash flow models to manage redemption forecasts and liquidity. On a monthly basis, we consider projected receipts and deduct known expenses (including overheads,

debt service obligations and debt amortization) and then incorporate an appropriate buffer to account for a decrease in receipts over a two to three-month period, then calculate the amount of cash available to underwrite new business.

Following the offering of the Notes, our debt service obligations will consist primarily of interest payments on the Notes, the Subordinated Shareholder Loan Notes, amounts drawn under the Revolving Credit Facility and the loan notes issued in connection with the Conduit Securitization. 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 are 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. Additionally, under certain circumstances, we may need to use cash to pay dividends in relation to our preferred shares. For a description of our preferred shares, see "Shareholders." 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 years ended June 30, 2010, 2011, 2012 and 2013.

	Year ended June 30,			
	2010	2011	2012	2013
	(£ in thousands)			
Net cash inflow from operating activities	111,649	123,114	155,091	123,914
Returns on investments and servicing of finance	(49,663)	(51,506)	(46,918)	(55,308)
Taxation	(16,657)	(12,225)	(9,900)	(13,898)
Capital expenditure and financial investment(1)	(93)	(276)	(1,901)	(2,227)
Cash inflow before management of liquid resources and financing	45,236	59,107	96,372	52,481
Financing and the management of liquid resources	(37,247)	(60,938)	(55,841)	(85,131)
Increase/(Decrease) in cash in the year	7,989	(1,831)	40,531	(32,650)

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

Year Ended June 30, 2013

Our net cash inflow from operating activities was £123.9 million in the year ended June 30, 2013. Our returns on investments and servicing of finance were negative £55.3 million in the year ended June 30, 2013, consisting primarily of interest paid on our Revolving Credit Facility, Conduit Securitization and Subordinated Shareholder Loan Notes and fees paid in respect of refinancing certain of our financing arrangements in August 2012. Taxation was negative £13.9 million in the year ended June 30, 2013, consisting primarily of corporation tax charges. Capital expenditure and financial investment was negative £2.2 million in the year ended June 30, 2013. In the year ended June 30, 2013, we made significant investments in fixtures, fittings and information technology equipment in connection with the relocation of our offices to Cheadle. Cash inflow before management of liquid resources and refinancing was £52.5 million in the year ended June 30, 2013, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was negative £85.1 million in the year ended June 30, 2013, consisting primarily of a £173.5 million reduction in our

Revolving Credit Facility, partially offset by a £93.5 million increase in the Conduit Securitization. Our decrease in cash in the year ended June 30, 2013 was £32.7 million for the reasons stated above.

Year Ended June 30, 2012

Our net cash inflow from operating activities was £155.1 million in the year ended June 30, 2012. Our returns on investments and servicing of finance were negative £46.9 million in the year ended June 30, 2012, consisting primarily of interest paid on our Revolving Credit Facility, Conduit Securitization and Subordinated Shareholder Loan Notes. Taxation was negative £9.9 million in the year ended June 30, 2012, consisting primarily of corporation tax charges. Capital expenditure and financial investment was negative £1.9 million in the year ended June 30, 2012, consisting primarily of expenditure arising from the relocation of our head office from Bracken House to Lake View, including significant investments in fixtures, fittings and IT equipment. Cash inflow before management of liquid resources and refinancing was £96.4 million in the year ended June 30, 2012, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was £55.8 million in the year ended June 30, 2012, consisting primarily of a reduction in the Conduit Securitization. Our increase in cash in the year ended June 30, 2012 was £40.5 million for the reasons stated above.

Year Ended June 30, 2011

Our net cash inflow from operating activities was £123.1 million in the year ended June 30, 2011. Our returns on investments and servicing of finance were negative £51.5 million in the year ended June 30, 2011, consisting primarily of interest paid on our Revolving Credit Facility, Conduit Securitization and Subordinated Shareholder Loan Notes. Taxation was negative £12.2 million in the year ended June 30, 2011, consisting primarily of corporation tax charges. Capital expenditure and financial investment was £276.0 thousand in the year ended June 30, 2011, consisting of vehicle and equipment purchases net of proceeds from the sale of vehicles and investment properties. Cash inflow before management of liquid resources and refinancing was £59.1 million in the year ended June 30, 2011, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was negative £60.9 million in the year ended June 30, 2011, consisting primarily of a reduction in the Conduit Securitization. Our decrease in cash in the year ended June 30, 2011 was £1.8 million for the reasons stated above.

Year Ended June 30, 2010

Our net cash inflow from operating activities was £111.6 million in the year ended June 30, 2010. Our returns on investments and servicing of finance were negative £49.7 million in the year ended June 30, 2010, consisting primarily of interest paid on our Revolving Credit Facility, Conduit Securitization and Subordinated Shareholder Loan Notes. Taxation was negative £16.7 million in the year ended June 30, 2010, consisting primarily of corporation tax charges. Capital expenditure and financial investment was £93.0 thousand in the year ended June 30, 2010, primarily related to vehicles, fixtures and fittings and IT hardware and software. Cash inflow before management of liquid resources and refinancing was £45.2 million in the year ended June 30, 2010, due to returns on investments and servicing of finance, taxation and capital expenditure and financial investment in the period. Financing was £37.2 million in the year ended June 30, 2010, consisting primarily of a reduction in the Conduit Securitization. Our increase in cash in the year ended June 30, 2010 was £8.0 million for the reasons stated above.

Capital Resources

Following the offering of the Notes, our principal sources of funds are expected to be cash provided by operations and amounts available under the Revolving Credit Facility, which we refinanced in August 2012, and through the Conduit Securitization, which we also refinanced in August 2012.

Following the offering of the Notes, the Revolving Credit Facility will have total available commitments of £100.0 million and be used for general corporate purposes, which matures in August 2015. Following the offering of the Notes and the use of proceeds therefrom, we expect £0.0 million to be drawn and outstanding under the Revolving Credit Facility. Future drawings under the Revolving Credit Facility will be available only if, among other things, we comply with the financial and other covenants in the Revolving Credit Facility. Our ability to meet these financial covenants will depend on our results of operations, which may be affected by factors outside our control. For more information about our Revolving Credit Facility, see "Description of

Certain Financing Arrangements—Revolving Credit Facility." We intend to refinance the Revolving Credit Facility prior to its maturity, but our ability to do so may be affected by factors outside our control. See "Risk Factors—Risks Relating to the Notes—In order to meet our liquidity requirements, we may need to refinance the Revolving Credit Facility and the Conduit Securitization, and we may not be able to do so on acceptable terms or at all."

The Conduit Securitization is a securitization program for certain of our mortgage loans. In connection with the Conduit Securitization, Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, purchases certain mortgage loans from certain of our operating subsidiaries. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes under a note issuance facility, which expires on July 31, 2015, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to the Borrower Group, of which, as of June 30, 2013, £139.5 million were outstanding. Total commitments available under the note issuance facility were originally £395.5 million. Total commitments decrease by £4.5 million each quarter until July 2014, at which point the note issuance facility will begin to fully amortize by the level of cash receipts received. As of June 30, 2013, total commitments under the note issuance facility were £382.0 million. As consideration for the mortgage loans, Charles Street ABS 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 Securitization." We intend to refinance the Conduit Securitization prior to July 2014, but our ability to do so may be affected by factors outside our control. See "Risk Factors—Risks Relating to the Notes—In order to meet our liquidity requirements, we may need to extend or refinance the Revolving Credit Facility and the Conduit Securitization, and we may not be able to do so on acceptable terms or at all."

Capital Expenditures

In the years ended June 30, 2010 and 2011, capital expenditure consisted of vehicle and equipment purchases. In the years ended June 30, 2012 and 2013, we made significant investments in fixtures, fittings and IT equipment in connection with the relocation of our offices to Lake View in Cheadle. As our IT systems are largely developed in-house, the main cost incurred in connection with the development of these systems is staff related and expensed to our profit and loss account as it is incurred through administrative expenses. We expect our capital expenditures from July 1, 2013 to be comparable to our capital expenditures in years prior to the year ended June 30, 2012. We plan to fund our future capital expenditures with cash from operating activities.

Contractual Obligations and Commercial Commitments

The following table summarizes our material contractual obligations as of June 30, 2013 on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes hereby and the use of proceeds therefrom and the related amounts falling due within one year and thereafter.

Contractual obligations	**Payments due by Period**				
	Total	**Less than 1 year**	**1-4 years**	**4-7 years**	**More than 7 years**
	(£ in millions)				
Notes	200.0	—	—	200.0	—
Revolving Credit Facility	100.0	—	100.0	—	—
Loan notes issued by Charles Street ABS	382.0	18.0	364.0	—	—
Subordinated Shareholder Loan Notes	60.0	—	—	—	60.0
Hire Purchase	0.2	0.1	0.1	—	—
Total contractual obligations	742.2	18.1	464.1	200.0	60.0

In addition, the Company's articles of association and Shareholders Agreement require us to make biannual dividend payments to certain of our shareholders in connection with our A preferred shares. However, (i) pursuant to the terms of the Revolving Credit Facility, we are not permitted to make dividend payments while the Revolving Credit Facility is in place and (ii) we can only make dividend payments in accordance with the terms of the indenture governing the Notes.

Suspended Income Policy

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.

Loan Provisioning Policy

In addition to applying suspended income, we have a specific bad and doubtful debt provision, a general bad and doubtful debt provision and an indexation provision. A loan is considered for specific bad and doubtful debt 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 debt provisions are applied automatically under criteria (i) above and subject to a manual review under criteria (ii) – (v) above.

Specific bad and doubtful debt 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 debt 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 debt provision for individually assessed accounts, a general provision is made for 0.5% of the value of our gross total loan portfolio calculated after both suspended income and specific bad and doubtful debt 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 in undertaking these calculations, using the same methodology as the suspended income policies and the specific bad and doubtful debt provisions with the indexed valuations.

The specific bad and doubtful debt provision, the general provision and the indexation provision are charged to operating profit as part of administrative expenses.

As of June 30, 2013, we had total provisions of £24.3 million, excluding our negligence claims against third parties in an amount of £3.1 million. These provisions were comprised of £16.4 million in specific bad and doubtful debt provisions, £4.9 million of general bad and doubtful debt provisions and £3.0 million in indexation provisions.

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 our Conduit Securitization, 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 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 Asset 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. 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, 2013, we had £646.5 million of debt subject to variable interest rates. As of June 30, 2013, on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of proceeds therefrom, we would have had £446.5 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 our debt would have increased our debt service obligations on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of the Notes and the use of the proceeds therefrom as of June 30, 2013 by £1.1 million per annum. To hedge against interest rate risk in respect of our debt service obligations, we have previously entered into interest rate swap contracts in connection with our Revolving Credit Facility. These interest rate swaps matured in February 2013. We plan to enter into new interest rate swaps to hedge at least 70% of our medium term interest exposure.

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, 2013, our funding consisted of our Revolving Credit Facility, which we refinanced in August 2012 and which expires in August 2015, and our Conduit Securitization, which we also refinanced in August 2012 and which expires in July 2015.

Critical Accounting Policies

Suspended Income Policies

Income is suspended where the directors consider that the recoverability of the income is in part or in whole doubtful. Suspended income reduces the income reflected in the profit and loss account as turnover.

Provisions for Bad and Doubtful Debts

Specific provisions are made when the directors consider that the recoverability of the principal amount of a mortgage loan 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 at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts are charged to operating profit as part of administrative expenses.

For each of the four years ended June 30, 2010, 2011, 2012 and 2013, we had total bad and doubtful debts provisions on our balance sheet (adjusted for loans where the security has been sold and for which any shortfalls incurred between what was received from the sale of the property and the outstanding loan balance been fully provided) of £21.1 million, £23.6 million, £25.1 million and £24.3 million, respectively, representing only 1.9%, 2.2%, 2.5% and 2.5%, respectively, of our average total loan assets. For each of the four years ended June 30, 2010, 2011, 2012 and 2013, bad and doubtful debt provisions expensed on our profit and loss account in respect

of potential loan principal losses amounted to £12.4 million, £11.0 million, £6.5 million and £6.3 million, respectively, representing only 1.1%, 1.0%, 0.6% and 0.6%, respectively, of our average total loan assets.

Accounting Treatment of the Conduit Securitization

Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, is consolidated into our consolidated financial statements in accordance with UK GAAP. Mortgage loans sold to Charles Street 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 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.

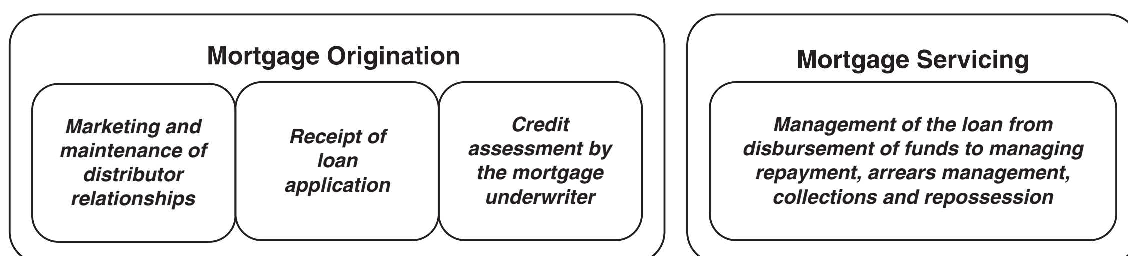
Industry Overview

Overview

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 mortgage lender, plus interest, calculated according to the stipulated interest rate and accruing over the term of the loan. If the borrower fails to satisfy his agreed repayment obligations, the mortgage lender is ultimately entitled to enforce the security granted over the real property, in order to satisfy the outstanding amount due under the loan.

In extending a mortgage loan, the mortgage lender assumes a credit risk in respect of the mortgage loan and will therefore perform a credit assessment of the borrower beforehand.

As illustrated by the chart below, 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 is commonly referred to as mortgage origination and the management of the loan from disbursement to full repayment is commonly referred to as mortgage servicing.



Services entailed in mortgage origination and mortgage servicing may be either directly undertaken by the mortgage lender or may be outsourced to third parties. Jerrold Holdings is a specialist mortgage lender that both originates and services its own mortgage loans.

As of October 2012, residential mortgage debt in the United Kingdom amounted to approximately £1.25 trillion, representing approximately 70% of all credit extended by lenders to households and non-financial businesses in the United Kingdom, according to the FSA. On a monthly basis, mortgage lenders lend approximately £12 billion in the United Kingdom.

Mortgage Loans

Mortgage loans can be broadly classified according to the purpose of the loan, repayment method, security ranking and type of interest rate. Mortgage loans are generally entered into for the purposes of: (i) purchasing a property; (ii) remortgaging a property (where better finance conditions have become available or in order to obtain further advances by increasing the principal amount of the loan); and (iii) obtaining advances (unrelated to purchasing the property).

Mortgages can be classified according to their payment methods:

- repayment mortgages, for which the borrower pays the mortgage lender, typically on a monthly basis, both an installment of the principal amount borrowed, as well as the interest agreed under the loan agreement;
- interest-only mortgages, for which the borrower pays the mortgage lender, typically on a monthly basis, only the interest agreed under the loan agreement. As no monthly payments are made to pay down the principal amount borrowed, the principal will usually be repaid in full at the term of the loan agreement;
- bridging loans, which are generally short-term (i.e., less than 24 months). During the term of a bridging loan, installments of interest may or may not be regularly paid and principal is repaid upon loan maturity; and
- combinations of repayment mortgages and interest-only mortgages.

Mortgages can also be classified according to the security ranking of the loan:

- first lien mortgages are generally considered the “main” mortgage on a property and are typically used to either purchase the property or to refinance an existing first lien mortgage. First lien mortgages have first-priority ranking over the property and would be entitled to be repaid first out of the proceeds of the sale of the property. First lien mortgage typically have terms between 15 and 30 years;

- second lien mortgages are generally smaller than first lien mortgages and are similarly secured on the property. They are used for a variety of purposes including property improvements, debt consolidation and making large purchases, and their terms are usually shorter. These mortgages have a second –priority ranking over the property and would be 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; and
- subsequent lien mortgages (third charge, fourth charge and so on), each more junior in priority of payment.

Mortgages can also be classified according to their type of interest rate:

- fixed rate mortgages, for which interest payments are fixed for the term of the loan or a set period of time, after which the rate changes to another rate; and
- variable rate mortgages, for which interest rates are either set by reference to a lender's standard variable rate, a lender's cost of funds or an independent benchmark interest rate such as the base rate of the Bank of England.

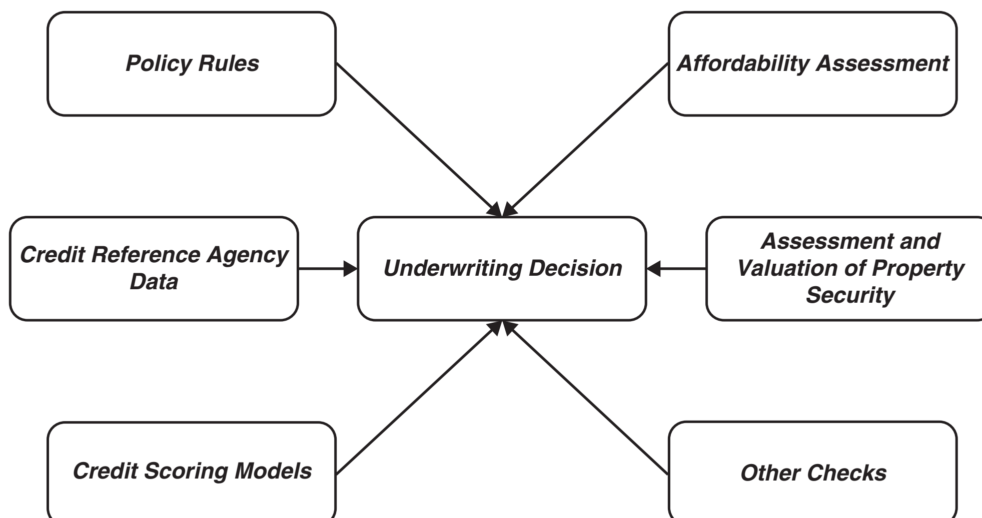
Mortgage Purposes

There are various reasons for which a borrower might take out a mortgage loan. Mortgages secured on property in which the borrower, or connected family, resides or, in respect of mixed-use property, for which the residential element used is at least 40% of the property, are classified as retail purpose mortgages and are regulated. Generally such mortgages are used for the purchase of a property, to refinance an existing mortgage, property improvements, debt consolidation or large purchases. Mortgages secured on property in which the borrower, or connected family, does not reside are classified as commercial purpose mortgages and are largely unregulated. Examples of commercial purpose mortgages include loans for buy-to-let or to purchase commercial properties. According to the FSA, lending for home purchases, including buy-to-let, accounted for 66% of regulated mortgage lending in the third quarter of 2012.

Mortgage Underwriting

The decision to underwrite a mortgage loan requires a credit assessment, whereby the mortgage underwriter will (i) assess the ability of the loan applicant to pay interest and principal when due on the requested loan and (ii) assess the adequacy and value of the property being offered as security for the loan.

The table below illustrates the various sources of information taken into account in a typical credit assessment.



Assessment of Ability to Repay

In assessing the ability of the loan applicant to service and repay the requested loan, mortgage underwriters typically consider all or some of the following criteria: (i) policy rules; (ii) credit score; (iii) affordability assessments; and (iv) other applicant checks.

Policy Rules

Policy rules are the minimum criteria that the applicant must satisfy to qualify for the loan. The criteria may include a minimum and maximum age of the applicant, a standard for what is deemed to be an unacceptable credit history, minimum and maximum loan amounts, maximum loan-to-value ratios ("LTVs"), which are further described below under "—Loan-to-Value Ratios," maximum income multiples and cut-off points for credit scores, which are further described below under "—Credit Scores." In general, these criteria are specified by the lender. In some cases, they are prescribed by regulators.

Credit Score

Credit scoring typically involves assigning points to a range of applicant and credit history characteristics predictive of the performance of the applicant and then adding them up to generate an overall credit score. The credit score of an applicant is used as an indication of the probability that the requested loan will be repaid. Where scores are used to determine whether to accept an application, the minimum score is referred to as a cut-off point. Credit scores can also be used to determine the specific terms of a particular mortgage loan, such as the principal amount, interest rate and term of the loan. In order to determine a credit score, mortgage underwriters may use credit reference agency data, summary credit scores and application credit score models, which typically measure the statistical probability of credit being satisfactorily repaid.

Affordability Assessment

In order to assess credit risk and to comply with an FCA requirement that lenders lend responsibly, mortgage lenders must take into account in the credit assessment process the ability of customers to repay their loans, including in the case of a foreseeable change of circumstances or a potential increase in interest rates. In general, mortgage underwriters employ either income multiple policy rules or an affordability model to assess affordability. In the case of income multiple policy rules, lenders apply an income multiple to the income of the applicant to determine the maximum amount that the applicant can borrow. In the case of an affordability model, the principal amount an applicant can afford is calculated based on the main components of their income and expenditure, data in respect of which is provided by the applicant and obtained from other sources, such as aggregated expenditure data from the Office of National Statistics. Although applying income multiples was traditionally a common method of assessing affordability in the United Kingdom, the use of affordability models has grown significantly in the past ten years as a more sophisticated method for determining a borrower's ability to repay a loan. Affordability assessments will become required market practice when FCA Rules regulating the residential mortgage market promulgated in 2012 come into effect in 2014.

Other Checks

Mortgage underwriters typically perform checks for fraud, such as verification of information provided by the applicant, and money laundering. The National Fraud Authority estimates that losses to the mortgage industry as a result of mortgage fraud in the United Kingdom for 2011 was £1 billion.

Assessment of Adequacy of Security

In addition to assessing the ability of the loan applicant to service and repay the requested loan, mortgage underwriters also assess the adequacy of the property being offered as security for the loan. The assessment of the adequacy of the security entails (i) policy rules in respect of the property and (ii) valuation of the property.

Policy rules are the minimum criteria that the property must satisfy in order for the loan to be extended. The criteria may include type of property, construction method or materials, date of construction, defective properties and postcode. Valuation is performed by means of one or more of a (i) full physical valuation, where an expert visits and values the property, (ii) external valuation, where a property is assessed from its exterior, without entering the property itself, (iii) desk-top valuation, where a property is assessed by applying a house price index or comparable property index to an earlier full physical or external valuation and (iv) automated valuation model, where a computer model creates the property valuation based on analytical methodologies and statistics.

Loan-to-Value Ratio

LTV expresses as a percentage the size of the principal amount of a loan at origination compared to the appraised value of the secured property. LTV is an important measure of credit risk that is relevant to the credit assessment

process: the higher the LTV, the higher the risk that the value of the secured property will be insufficient to repay the loan in case of repossession. For loans with higher LTVs, mortgage underwriters may impose stricter criteria as part of the credit assessment process and also require a full physical valuation. The accuracy of the valuation of a property is critical to determining the accuracy of an LTV and, in turn, to adequately reflect the credit risk of a mortgage loan.

Mortgage Lenders

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. Over 99% of residential mortgage loan originations in the United Kingdom are attributed to such deposit-taking institutions, while the remainder are attributed to regulated non-deposit-taking institutions. Regulated non-deposit-taking institutions include standalone specialist lenders, including non-banks and subsidiaries of overseas investment banks.

Specialist lenders tend to service borrowers who would otherwise find it difficult to obtain mortgages from other lenders, such as high street banks, that tend to be more focused on standard borrowers who they determine present a lower risk of default and to typically originate mortgages with standardized loan terms. Data from the FSA show that most lending to riskier borrowers, borrowers most likely to experience arrears or repossessions, is from non-banks and subsidiaries of building societies.

One of the main sources of funding for banks, deposits, is not always available to specialist mortgage lenders, which typically obtain funding in the interbank lending market, in which short-term borrowing from other banks and financial institutions are generally made available to them. The lack of availability of such funds in the interbank lending market as a result of the global financial crisis has forced many specialist mortgage lenders to exit the mortgage market, further concentrating mortgage lending in the hands of major deposit-taking institutions and limiting or reducing mortgage options for borrowers who have difficulty obtaining mortgages from such institutions. Other possible sources of financing for specialist mortgage lenders include bond issues and securitizations.

Other Participants in the Mortgage Underwriting Market

Intermediaries and Packagers

Intermediaries in the mortgage origination market are mortgage brokers or advisers who locate the most appropriate mortgage for a mortgage applicant and arrange the mortgage on their behalf. A packager typically undertakes pre-loan processing and administration on behalf of mortgage originators and may also distribute loans through intermediaries. Mortgage brokers play a significant role in the United Kingdom mortgage origination market, originating over 51% of loans (FSA—Mortgage Market Review Data Pack, October 2012).

Credit Reference Agencies

Credit reference agencies provide mortgage underwriters with data on an applicant, such as information on county court judgments, bankruptcies and insolvencies and payment performance on existing and previous credit and outstanding borrowing commitments. Credit reference agencies also offer credit scores that summarize this information in a single measure, such as the Experian Delphi score and Callcredit Callscore.

Valuers

Valuers undertake valuations of properties being offered as security for mortgage loans on behalf of mortgage underwriters. In the United Kingdom, valuers are supervised by the professional body with which they must be licensed or certified and are required to be independent, sufficiently qualified and prudent in order to ensure appraisal quality and effectiveness.

Mortgage Underwriting Procedures

Generally, three processing methods are available to mortgage underwriters in assessing mortgage applications: (i) assessment with recourse to automated procedures, (ii) manual assessment or (iii) assessment with recourse to both manual and to certain automated procedures.

Automated procedures provide for the assessment of applicants by software programs that comply with certain pre-established rules and are typically used where applicants and properties present fairly common

characteristics. Once the automated system accepts or denies an application, no manual assessment is made. Under a fully manual procedure, assessments and decisions are taken by staff members, with applications involving higher levels of credit risk being assessed by more senior staff members. While in a hybrid procedure, decisions may be taken by an automated system, but with referral for manual review. Manual or hybrid assessments are more commonly used where applicants or the properties they offer as security show unusual characteristics, therefore requiring a more tailored analysis.

Mortgage Market Regulators

In the United Kingdom, the mortgage market is currently regulated by the FCA and the OFT. The FCA regulates the vast majority of the market through its powers to regulate residential mortgage borrowing secured by a first lien on land and imposes specific obligations on mortgage lenders as regards responsible lending. The OFT monitors compliance with the Consumer Credit Act 1974 in relation to businesses participating in residential mortgage lending secured by a second or subsequent lien. For a further explanation of the regulatory background, see "Regulation."

Industry Trends

Prior to the global financial crisis, economic conditions, including low interest rates, lower unemployment, easy availability of credit and increased average earnings helped bolster the mortgage market in the United Kingdom. Due to present weak economic growth, relatively higher unemployment, the poor financial health of primary mortgage providers and declining real incomes, the mortgage market has been relatively flat over the past five years.

Despite the current economic backdrop, arrears began to decline in mid-2009 and repossessions decreased in 2012 as compared to 2011. In 2012, 33,900 properties were repossessed in England and Wales, as opposed to 37,300 in 2011, 38,500 in 2010 and 48,900 in 2009, according to the CML, indicating a downward trend, supported by recent CML statistics that show that repossessions were 17% lower in the first quarter of 2013 than in the first quarter of 2012.

As a result of the global financial crisis, the ability of lenders to raise funds in the wholesale markets was also impaired and has since been aggravated by the sovereign debt crisis in Europe, leading to funding shortages to meet potential mortgage demand and dampening the levels of activity in the mortgage market. Governments and central banks have intervened across the world to address this liquidity shortage via a number of monetary stimulus programs such as Quantitative Easing programs and the UK government and Bank of England's Funding for Lending scheme. Demand side problems remain, with more limited housing market activity than in the past and mortgage lenders continuing to only offer mortgage finance to a limited number of individuals. In light of the degree of uncertainty as to the future development of economic conditions, there is uncertainty as to how the mortgage market will evolve in 2013, although recent data seems to indicate an apparent increase in activity.

Business

Overview

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 39 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments underserved by mainstream lenders. Our loans include secured first and second lien loans, of which 84.7% 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 to niche market segments, thereby minimizing competition from high street banks and other lenders. We offer our loans through a number of different brands and distribute them through the broker network, professional firms and auction houses and, with respect to repeat business, through our sales team. We originate all our mortgage loans and service all our mortgage loans directly. In the year ended June 30, 2013, we had turnover of £121.5 million, and EBITDA of £88.5 million. As of June 30, 2013, we had shareholder reserves, including subordinated debt, in excess of £420 million. As of June 30, 2013, our total loan assets were £0.98 billion, with an average loan value of approximately £39,000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Portfolio Analysis."

As of June 30, 2013, 52.6% of our loan portfolio was classified as retail purpose, 37.6% of our loan portfolio was classified as commercial purpose and 9.8% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose where the borrower resides in the property (or in at least 40% of the property) securing the loan and which include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases. Retail purpose loans include loans that are regulated by the FCA or the OFT. We classify mortgages as "commercial purpose" where the borrower does not reside in the property (or resides in less than 40% of the property) securing the loan and which include loans for investing in property, including buy-to-let, 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 unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans primarily relate to loans underwritten prior to 2009, and constitute loans to finance the purchase of land, the development of land into residential units or the conversion of existing properties into residential units (houses and flats). As of June 30, 2013, 99.0% of our retail purpose loans, 62.8% of our commercial purpose loans and 91.7% of our development loans were secured by residential property.

Our underwriting process consists of a detailed and individualized credit and affordability 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, 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 total loan asset audits are conducted annually and semi-annually, pursuant to the terms of certain of our financing arrangements.

The LTV is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property and (iii) the accrued interest and fees thereon (after suspended income), compared to the latest appraised value of the property securing the loan. The LTVs of our loan portfolio on a weighted average indexed basis as of June 30, 2013, including and excluding development loans, were 66.1% and 62.3%, respectively, and the LTV on a weighted average basis of new loans underwritten by us in the year ended June 30, 2013 was 52.3%. 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, 2013, 85.7% of our total loan portfolio and 75.5% 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 house prices and economic downturns, thereby minimizing our levels of provisions. For each of the four years ended June 30, 2010, 2011, 2012 and 2013, bad and doubtful debt provisions expensed on our profit and loss account in respect of potential loan principal losses amounted to £12.4 million, £11.0 million, £6.5 million and £6.3 million, respectively, representing only 1.1%, 1.0%, 0.6% and 0.6%, respectively, of our average total loan assets. With respect to loans originated between the year ended June 30, 2008 and the year ended June 30, 2011, management estimates that average principal recovery rates (including recognized capital losses and potential

capital losses) for repossessed loans of the group were 91.0%, 93.9%, 83.4% and 67.6% for the group's loan portfolio, first lien loans, second lien loans and development loans, respectively.

We have historically 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 weighted averaged indexed LTV of our loan portfolio. The ratio of net senior secured borrowings to total loan assets was 55.9% as of June 30, 2013. 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 39.9% as of June 30, 2013.

Retail Purpose Lending

As of June 30, 2013, retail purpose loans comprised 52.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 60.0% and a weighted average nominal rate of 11.9%, 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, 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 15.8% and 84.2% of our retail purpose loans, respectively, calculated by value as of June 30, 2013. We offer retail purpose loans principally under two brands: BFL, which primarily offers second lien mortgages, and CMCL, which primarily offers first lien mortgages. BFL also offers medium and long-term commercial purpose loans. Our retail purpose loans are distributed primarily through the broker network, with a small portion sold directly to current and previous customers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the Finance and Leasing Association, we believe that our market shares of the first lien and second lien retail purpose lending markets in the United Kingdom were approximately less than 1% and 18%, respectively, as of June 30, 2013.

Commercial Purpose Lending

As of June 30, 2013, commercial purpose loans comprised 37.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 65.6% and a weighted average nominal rate of 13.0%, 36.9% of which are short-term commercial purpose loans and 63.1% 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 65.6% is residential and 34.4% 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 61.2% is residential and 38.8% is commercial and semi-commercial property. Our commercial purpose loans primarily consist of first and second lien loans, which represented 79.8% and 20.2% of our short-term commercial purpose loans, respectively, and 76.8% and 23.2% of our medium and long-term commercial purpose loans, respectively, calculated by value as of June 30, 2013. We offer commercial purpose loans principally under four brands: LMCL, BDFL, AFL and BFL. LMCL, BDFL and AFL offer short-term commercial purpose loans. LMCL and BFL offer medium and long-term commercial loans. BFL also offers retail purpose loans. Our LMCL loans are distributed through the broker network, our BDFL loans are distributed through a network of professionals, such as banking, accounting and legal professionals and firms, and our AFL loans are distributed through auction houses. A small portion of our medium and long-term commercial purpose loans is also sold directly to current and previous customers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, in Northern Ireland. Based on broker estimates and extrapolating from data compiled by industry groups, such as the National Association of Commercial Finance Brokers, we believe that our market shares of the short-term commercial purpose loan, buy-to-let and other medium and long-term commercial purpose loans markets in the United Kingdom were 3.6%, less than 1% and less than 2%, respectively, as of June 30, 2013.

Development Loans

As of June 30, 2013, development loans comprised 9.8% of our loan portfolio. Development loans are loans that we historically extended to finance the development of land or property into residential units with repayments being made out of the sale of the units. Of our development loans, 93.1% were originated prior to 2009. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but currently underwrite minimal new development loans. In the year ended June 30, 2013, we

extended £4.8 million in further advances and have underwritten £0.6 million in new development loans. As of June 30, 2013, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity (the instance in which a property's market value is less than the total owed on all the liens recorded against it) on development loans of £5.9 million and recorded provisions of £7.6 million.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our shareholders' funds, including the Subordinated Shareholder Loan Notes, our Revolving Credit Facility and our Conduit Securitization.

As of June 30, 2013, our shareholders' funds were £420.9 million, including £60.0 million outstanding in the Subordinated Shareholder Loan Notes, total commitments available under the Revolving Credit Facility were £204.5 million (£204.5 million drawn) and total commitments available under the Conduit Securitisation Facility were £382.0 million (£382.0 million drawn).

Pursuant to our Conduit Securitization, Originators sell on a random basis certain of our qualifying mortgage loans to Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain note purchasers, consisting of the banks party to the Conduit Securitization, with the balance of any funding requirements provided through the issuance of subordinated subscription notes to the Originators. The assets of Charles Street ABS are included within our consolidated accounts.

Qualifying retail purpose and commercial purpose loans eligible to be sold to the Conduit Securitization are selected on a random basis and transferred at their principal loan balance. Development loans and certain other loans are not eligible to be sold to the Conduit Securitization. Of loans underwritten by us since establishing the Conduit Securitization in 2007, approximately 90% have been eligible at origination for sale to Charles Street ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under the Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in the Conduit Securitization, the Originators are obliged to either substitute ineligible loans with eligible loans or purchase additional subordinated subscription notes issued by Charles Street ABS to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. Annual losses recognized on loans repurchased from the Conduit Securitization were approximately £0.4 million between January 1, 2010 and June 30, 2013. Surplus income of the Conduit Securitization, after paying interest and fees in connection with the 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, amounted to an average of £4.3 million a month between September 1, 2012 and June 30, 2013, such amounts thereafter forming part of the collateral securing the financing arrangements of the Borrower Group as described below.

All of our assets, with the exception of the assets held by Charles Street ABS, are the assets of the Borrower Group and are provided as collateral under our secured financing arrangements, including the Revolving Credit Facility, our hedging facilities, our overdraft facilities, the Subordinated Shareholder Loan Notes and our obligations under the Notes. The assets of Charles Street ABS are provided as collateral to holders of notes issued by Charles Street ABS pursuant to the Conduit Securitization and are not provided as collateral under our other financing arrangements listed above nor will they be provided to secure our obligations under the Notes. The Borrower Group will only have a claim on the assets of Charles Street ABS upon the full repayment of the loan notes of the Conduit Securitization. Charles Street ABS has no recourse to the assets of the Borrower Group.

As of June 30, 2013, Charles Street ABS held total loan assets of £499.2 million, had cash of £25.6 million and had net creditors of £3.4 million. As of June 30, 2013, total commitments under the note issuance facility under the Conduit Securitization were £382.0 million and total notes outstanding were £382.0 million. As of June 30, 2013, total subordinated subscription notes outstanding were £139.5 million.

As of June 30, 2010, 2011, 2012 and 2013, Charles Street ABS held total loan assets of £0.50 billion, £0.45 billion, £0.37 billion and £0.50 billion. For additional information in respect of our Conduit Securitization, see "Description of Certain Financing Arrangements—Conduit Securitization." The Borrower Group's total loan assets, as of June 30, 2010, 2011 and 2013 were £0.62 billion, £0.64 billion, £0.65 billion and £0.48 billion, respectively, net of bad and doubtful debt provisions.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion.

The levels of cash generation have been stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million, respectively. Cash receipts expressed as a percentage of total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels.

The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013, comprising: £46.1 million of interest and fees, £110.0 million of principal receipts and £53.5 million surplus income from the Conduit Securitisation. See "Summary—Overview—Our Sources of Funding" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information." As of June 30, 2013, the Borrower Group's total loan assets were £0.48 billion.

Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011 2012, and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013.

The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in the year ended June 30, 2013, resulting in cash available for debt service and originating new loans of £279.3 million for the group and £159.6 million for the Borrower Group.

In the year ended June 30, 2013, the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period, the Borrower Group paid interest costs of £25.0 million.

Our Competitive Strengths

Continuous profitability and track record of resilience in volatile economic environment. We have been profitable since our establishment almost 40 years ago, including throughout the recent financial crisis and economic downturn. In each of the years ended June 30, 2010, 2011, 2012 and 2013, we had turnover of £135.6 million, £130.3 million, £125.6 million and £121.5 million, respectively, and EBITDA of £94.9 million, £91.5 million, £93.5 million and £88.5 million, respectively. As of June 30, 2013, our shareholder funds, including the Subordinated Shareholder Loan Notes, were in excess of £420 million. We also benefit from high visibility of our future earnings and net cash flows.

Specialized secured loan products focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both residential and commercial purposes, primarily secured on residential property, at low LTVs. We identify and operate in niche market segments, which are generally underserved by high street lenders, differentiating ourselves by our loan products, service delivery, underwriting approach and source of introductions. By operating in markets with less competition and only lending at low LTV, we are able to achieve an attractive return to risk profile on our total loan assets. We focus on providing secured loans to home owners, small and medium-sized enterprises ("SMEs"), property investors and high net worth individuals. In the case of homeowners, we offer residential mortgage products that are generally not provided by mainstream lenders, such as smaller value loans or second lien loans or loans that have specific characteristics, such as a right to buy mortgage. Demand exists from customers who, for example, have a first lien mortgage with a lender who does not provide further advances or who are benefiting from a favorable rate on their first lien mortgage, which would be lost on the introduction of a further advance. Some customers may also fall outside the automated scorecard assessment systems of other lenders for a variety of reasons. In such cases, our detailed underwriting methodology 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 the case of commercial purpose loans to SMEs, property investors and high net worth individuals, tailored product characteristics, such as funding for auction purchases and service delivery, such as efficient and timely underwriting, often rank high on our customers requirements as the funding is usually required to complete a business opportunity within a specified timeframe. Such specialization allows us to achieve attractive margins. The weighted average nominal rate and annual percentage rate ("APR") of new loans underwritten by us for the year ended June 30, 2013 was 13.5% and 18.2%, respectively. Our distribution channels, which we believe are both established and diversified, include a broad third-party distribution network established through stable and long-standing relationships with key

brokers, referrals from customers and professionals, including lawyers, accountants, bankers and surveyors, and our presence at auction houses, as well as repeat business directly to customers. These relationships have been further strengthened since the onset of the global financial crisis and the related reduction in the number of competitors that operate within our market segments. 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.

Loan portfolio with a robust security profile. A long-standing, fundamental principle of our group has been lending with security on residential properties and at low LTVs. Approximately 85% of our loans are secured on residential properties and the balance 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. The weighted average indexed LTV of our loan portfolio, as of June 30, 2013, was 66.1% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of June 30, 2013, was 79.3%. 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 each of the years ended June 30, 2007 and 2008 was 65.7% and 62.4%, respectively, and the weighted average LTV of new loans underwritten between the years ended June 30, 2009 and 2013 was 52.9%. The likelihood of a loan having negative equity in the repossession process and the lender incurring a resultant loss decreases the lower the level of origination LTV. In the period leading up to 2008, the mortgage market in the United Kingdom routinely saw loans with LTVs of over 95%. Our policy of lending at low LTVs means that our customers hold higher proportions of equity in their property compared to the customers of lenders who lend at higher LTVs, which mitigates our risk of loss in the event of repossession, and, we believe, provides our customers an incentive to work with us to reach acceptable solutions should they face difficulties meeting their financial obligations in the future. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices and gives us the ability to better withstand volatility in the economic environment, as shown by our modest levels of provisions throughout the recent economic crisis. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of June 30, 2013, using an assumed 20% decline to indexed valuations (which already incorporates movements in Halifax property indices from a peak in August 2007 to current values, of 15.4%) on a loan by loan analysis, then using a "worst case" assumption that all amounts with negative equity are provided in full, further provisions of approximately £51.9 million and £42.5 million, respectively, would result, representing only 12.3% of our cumulated shareholder reserves, including subordinated debt, of £420.9 million and 15.1% of the Borrower Group's cumulated shareholder reserves, including shareholder debt, of £281.4 million, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities." Our rights to conduct a repossession or a LPA receivership are the same irrespective of whether the loan is secured by a first or second lien and, in the case of second lien loans, the consent of the first lien holder is not required.

Strong underlying asset backing. We have historically reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders. This is in addition to the protection afforded by the weighted averaged indexed LTV of our loan portfolio. The ratio of net senior secured borrowings to total loan assets was 56.6% for the group and 41.3% for the Borrower Group, as of June 30, 2013 on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and use of proceeds therefrom. The ratio of net senior secured borrowings to value of total underlying security, which is calculated as the LTV of the loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to total loan assets, was 37.5% for the group and 32.8% for the Borrower Group, as of June 30, 2013 on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and use of proceeds therefrom.

Highly cash generative. The group is highly cash generative and had £329.4 million of cash receipts in the year ended June 30, 2013, comprising £107.8 million of interest and £221.6 million of principal receipts. As of June 30, 2013, the group's total loan assets were £0.98 billion. The levels of cash generation have been very stable and consistent over the past three years. Cash receipts for the group in the years ended June 30, 2010, 2011, 2012 and 2013 were £364.3 million, £365.8 million, £358.7 million and £329.4 million, respectively. Cash receipts expressed as a percentage of average total loan assets increased from 32.5% in the year ended June 30, 2010 to 33.0% in the year ended June 30, 2013 (following a peak at 34.1% in the year ended June 30, 2012), in part reflecting the fall in our arrears levels. The Borrower Group generated £209.7 million of cash receipts in the year ended June 30, 2013, comprising: £46.1 million in interest and fees, £110.0 million in principal receipts and £53.5 million surplus income from the Conduit Securitization. See "Summary—Overview—Our Sources of Funding." Cash receipts for the Borrower Group in the years ended June 30, 2010, 2011, 2012 and 2013 were £237.2 million, £231.0 million, £246.6 million and £209.7 million, respectively. Cash receipts for the Borrower

Group expressed as a percentage of total loan assets of the Borrower Group increased from 38.2% in the year ended June 30, 2010 to 43.6% in the year ended June 30, 2013. The group had cash outflow related to overheads, tax and capital expenditure of £50.1 million in the year ended June 30, 2013, resulting in cash available for debt service and writing new business of £279.3 million for the group and £159.6 million for the Borrower Group. In the year ended June 30, 2013 the group paid interest costs of £38.0 million and finance related fees of £17.3 million. In the same period, the Borrower Group paid interest costs of £25.0 million. The group and Borrower Group had surplus cash flow after all obligations, calculated on a pro forma basis after giving effect to the Revolving Credit Facility Amortization Payment and the offering of Notes and the use of proceeds therefrom, of £219.0 million and £134.5 million, respectively, with which to underwrite new business. We are able to effectively manage our liquidity by controlling the amount of new business we write in any given period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information."

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 all our internal policies and regulatory requirements. Due to our active management of arrears, in addition to 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 only amounted to approximately 1% of our average total loan assets and in the year ended June 30, 2013 amounted to 0.6% of our average total loan assets. 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. Between 2009 and 2011, we invested in developing a 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 and 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 the introduction of such measures 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 12 months of loan origination) decreased from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011. We believe that our close management of accounts ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of June 30, 2013, of our contractual arrears greater than one month's contractual installment, which represented approximately 28.7% of our loan portfolio and 55.7% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 58.6% and 52.1% 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.

Diversified funding. We have diversified sources of funding, including cash from operations, our Revolving Credit Facility, our Conduit Securitization, our Subordinated Shareholder Loan Notes and equity from our shareholders. We have long-standing relationships with our existing lending group for our Revolving Credit Facility and our Conduit Securitization. Our lenders were supportive through the global financial crisis and in August 2012 extended the maturity of our Revolving Credit Facility to August 2015 and our Conduit Securitization to July 2015 on terms that we believe are favorable. Following the offering of the Notes and the use of the proceeds therefrom, including to prepay certain amounts owing under our Revolving Credit Facility, £100.0 million will be committed under our Revolving Credit Facility.

Strong governance structure, risk and compliance control. 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. As part of our governance and management structure, we have a three-tiered risk management framework, the "3 Lines of Defence" model, to help ensure that risk management and adherence to regulatory compliance is integral to all business activities and decision-making processes. The first line of defense comprises all managers and staff, including the Chief Executive Officer, as well as our operational committees, including the Executive, Treating Customers Fairly ("TCF") and Fraud Committees and the Credit Risk Arrears Forum. The second line of defense comprises risk, compliance, legal and financial control functions, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees. The third line of defense includes our internal audit function, our Audit, Risk and Compliance Committee, and the Board of Directors. In addition, annual and semi-annual external audits of our total loan assets and our underwriting and collections procedures are undertaken, pursuant to the terms of certain of our

financing arrangements. 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 schemes. Moreover, we have already introduced a significant number of the policies, processes and competencies currently applied to our first lien FCA regulated business to our second lien mortgage business in line with what we believe will be required as the regulation of such business is transferred from the OFT to the FCA in April 2014. We believe that we are therefore well positioned to manage this transition.

Experienced, long-serving and proven senior management team. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Mr. Moser has successfully recruited a senior management team, including a number of non-executive directors whom have extensive industry experience. The average length of service of our executive board members is 22 years, and the average length of service of our heads of department is ten years. In addition, a number of our non-executive directors have extensive industry knowledge. Our year-on-year profit 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 economic environment of the past five years. In addition to having an experienced senior management team, we also have recently made several new senior management appointments in the evolving areas of regulatory compliance, corporate governance and treasury to ensure that we are appropriately resourced to deliver our future strategy.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs, as well as traditional security such as residential housing stock, in providing mortgage loans. Over the past five 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 amount of loans experiencing arrears greater than three months contractual installments within 12 months of funding decreasing from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011, and we expect that a continued focus on such policies will help us to maintain lower delinquency levels. We intend to target an average of origination LTVs of between 50% and 60% for new loans secured primarily by residential properties.

Maintain our loan portfolio mix and continue to differentiate our offerings. We intend to maintain our loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. We also intend to continue to moderately grow our loan portfolio using our well established distribution channels across the United Kingdom. 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 relationships with our brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings will continue to make us an attractive business partner to brokers and others who introduce business to us as well as allow us to secure margins that are higher than those available in non-niche market segments.

Moderately grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market and we believe that the volume of loans we are able to originate is primarily limited by the amount of funding available to us. The market in the United Kingdom for retail purpose and commercial purpose mortgages continues to have limited liquidity and thus provides significant opportunities. Since the onset of the global financial crisis, the number of competitors in our market segments has fallen considerably and high street lenders have not been lending to applicants from certain pools, which has allowed us to widen our customer base and to improve the credit quality of the loans we underwrite. We intend to grow our loan portfolio moderately by continuing to identify demand for current and future product offerings and by diversifying our sources of funding and increasing the total amount of capital at our disposal. We believe it is strategically important to continue to increase the sources of financing at our disposal, including through the issuance of the Notes offered hereby.

Our History

We were founded in 1974 by Henry Moser, who continues with us as our Chief Executive Officer of Jerrold Holdings, and Barrie Pollock, who sold his minority shareholding in 2006. In our nearly 40-year operating history, we have been profitable year on year and continually 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. See “Shareholders.”

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. First lien lending for retail purposes is regulated by the FCA. Second lien loans are loans secured by property against which a first mortgage has already been obtained. Most second lien lending for retail purposes is regulated by the OFT as consumer credit. See "Regulation." The weighted average nominal rate and APR of new loans underwritten by us for the year ended June 30, 2013 are 13.5% and 18.2%, respectively.

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of June 30, 2013.

	Retail Purpose 52.6%	**Commercial Purpose 37.6%**		**Development 9.8%**
		Short-term Commercial Purpose 36.9%	**Medium and Long-term Commercial Purpose 63.1%**	
Principal Brands	• BFL • CMCL	• LMCL • BDFL • AFL	• LMCL • BFL	• 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 property investors and high net-worth individuals
Regulator	FCA/OFT	Unregulated	Unregulated	Unregulated
Distribution	• Broker network • Direct sales	• Broker network • Professional referrals • Auction houses • Direct sales	• Broker network • Professional referrals • Direct sales	• Direct Sales
Security	• Residential 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	Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Project appraisal
Loan Portfolio Value	• First lien: £82.7 million • Second lien: £439.2 million • Total: £521.9	• First lien: £110.1 million • Second lien: £27.9 million • Total: £138.0	• First lien: £180.9 million • Second lien: £54.8 million • Total: £235.7	• First lien: £74.9 million • Second lien: £22.1 million • Total: £97.0
Number of Loans	• First lien: 1,794 • Second lien: 18,996 • Total: 20,790	• First lien: 920 • Second lien: 273 • Total: 1,193	• First lien: 2,069 • Second lien: 1,198 • Total: 3,267	• First lien: 122 • Second lien: 168 • Total: 290
Weighted Average Indexed LTV	• First lien: 54.6% • Second lien: 61.1% • Total: 60.0%	• First lien: 73.0% • Second lien: 72.5% • Total: 72.9%	• First lien: 62.4% • Second lien: 57.6% • Total: 61.3%	• First lien: 101.2% • Second lien: 100.6% • Total: 101.1%
Weighted Average Nominal Rate	• First lien: 10.8% • Second lien: 12.1% • Total: 11.9%	• First lien: 15.4% • Second lien: 16.2% • Total: 15.6%	• First lien: 11.4% • Second lien: 11.8% • Total: 11.5%	• First lien: 11.8% • Second lien: 11.8% • Total: 11.8%

	Retail Purpose 52.6%	Commercial Purpose 37.6%		Development 9.8%
		Short-term Commercial Purpose 36.9%	Medium and Long-term Commercial Purpose 63.1%	
Average Inception Loan Size	• First lien: £47.4 thousand • Second lien: £24.9 thousand • Total: £26.9 thousand	• First lien: £132.2 thousand • Second lien: £90.3 thousand • Total: £122.6 thousand	• First lien: £92.4 thousand • Second lien: £47.2 thousand • Total: £75.8 thousand	• First lien: £405.7 thousand • Second lien: £59.5 thousand • Total: £205.2 thousand
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: £31.2 thousand • Total: £31.2 thousand	• First lien: £99.2 thousand • Second lien: £143.4 thousand • Total: £103.8 thousand	• First lien: £73.4 thousand • Second lien: £48.0 thousand • Total: £61.9 thousand	• First lien: N/M • Second lien: N/M • Total: N/M
Number of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 1,776 • Total: 1,779	• First lien: 500 • Second lien: 58 • Total: 558	• First lien: 349 • Second lien: 288 • Total: 637	• First lien: N/M • Second lien: N/M • Total: N/M
Value of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: £55.3 million • Total: £55.4 million	• First lien: £49.6 million • Second lien: £8.3 million • Total: £57.9 million	• First lien: £25.6 million • Second lien: £13.8 million • Total: £39.4 million	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 11.4% • Total: 11.4%	• First lien: 16.1% • Second lien: 17.9% • Total: 16.4%	• First lien: 12.5% • Second lien: 12.2% • Total: 12.4%	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average APR of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 14.6% • Total: 14.6%	• First lien: 23.5% • Second lien: 27.9% • Total: 24.2%	• First lien: 14.5% • Second lien: 14.8% • Total: 14.6%	• First lien: N/M • Second lien: N/M • Total: N/M
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien: N/M • Second lien: 57.3% • Total: 57.3%	• First lien: 51.2% • Second lien: 52.8% • Total: 51.4%	• First lien: 44.8% • Second lien: 50.2% • Total: 46.7%	• First lien: N/M • Second lien: N/M • Total: N/M

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, 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

Approximately 52.6% 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. Based on broker estimates and extrapolating from data compiled by industry groups, we believe that our market shares of the First lien and second lien retail purpose lending markets in the United Kingdom were approximately less than 1% and 18%, respectively, as of June 30, 2013.

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, 2013, 42.8% of retail purpose loans were underwritten for debt consolidation, 35.6% for debt consolidation and home improvement, 16.3% for home improvement, 4.0% for large personal purchases and 1.3% for property purchases. We specialize in offering retail purpose loans, identifying segments of the markets that are underserved and offering solutions in the form of niche products such as small-value mortgages and second lien loans. 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 credit impairment or having seasonal income. 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 well-established relationships with the broker network.

Distribution

We distribute substantially all our retail purpose loans through a wide network of brokers and independent financial advisors ("IFAs") across the United Kingdom. We have a database of approximately 10,000 brokers and IFAs, approximately 1,500 of which are actively registered with us, 90 of which we fund annually and 24 of which we fund regularly. In the year ended June 30, 2013, approximately 94% of our retail customers were sourced through the broker network. We are not reliant on any one broker, with no single broker providing more than 10.3% of our broker-sourced retail purpose business. 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 "introducers" 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 Head of Risk, which review includes the evidencing of permissions. In the case of brokers permitted to act for us as introducers, such brokers pass sales leads to us and we contact those individuals to offer our products and services, and, if accepted and such individuals apply for a loan with us, our 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. Brokers may or may not be regulated under the FCA. Only FCA authorized brokers may issue loan offer documentation on a first charge regulated loan agreement.

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 constantly evaluate whether we wish to continue working with such broker. See "—Compliance and Quality Control."

We sell approximately 6% of our retail purpose loans directly to current and previous customers and through sales calls.

Security

Most residential property securing our retail purpose loans is traditional housing stock, such as a three bedroom semi-detached home, principally located in England, Scotland and Wales. 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. We also require that we are listed as an "interested party" in the insurance policies.

Terms

Our retail purpose loans 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, 2013 were 211 months and 252 months, respectively. Retail purpose loans that were redeemed in the year ended June 30, 2013 had an average elapsed term of 57 months.

Brands

We offer retail purpose loans principally under two brands: BFL and CMCL. As of June 30, 2013, 85.9% of our retail purpose loans, calculated by value, consisted of BFL loans, 97.8% of which were second lien loans. As of June 30, 2013, 13.8% of our retail purpose loans, calculated by value, consisted of CMCL loans, 99.9% of which were first lien loans. Since 2004, CMCL has only offered first lien loans. Both brands distribute nearly all their loans through the broker network.

The table below sets forth certain information about the retail purpose loans offered by BFL and CMCL as of June 30, 2013.

	Retail Purpose Loans			
	BFL		CMCL	
	Loan portfolio as of June 30, 2013	Business underwritten in the year ended June 30, 2013	Loan portfolio as of June 30, 2013	Business underwritten in the year ended June 30, 2013
Weighted Average Indexed LTV . . .	60.8%	57.3%	55.7%	47.3%
Weighted Average Nominal Rate / APR[(1)]	12.1%	11.4% / 14.6%	10.7%	10.1% / 12.7%
Average Inception Loan Size	£24,843	£31,152	£57,764	£35,296
Weighted Average Inception Loan Term	211 months	194 months	252 months	107 months
Outstanding Balance	£448,225,802	£52,363,994	£ 71,771,258	£106,455
Percentage First lien	2.2%	0.0%	99.9%	100.0%

(1) APR is only provided for business underwritten in the year ended June 30, 2013.

Underwriting Process

Our underwriting process, which is conducted by our Residential Underwriting and Processing Department, consists of four stages: processing, underwriting, lending decision and funding and completion. The processing, underwriting and lending decision stages are conducted by two teams, Credit and Risk Team A and Credit and Risk Team B. Each team is comprised of three to five underwriters, with varying mandate levels, as well as a team leader. Applications that easily meet our funding criteria are handled by Credit and Risk Team A. These applications usually require less investigation and are generally processed more quickly. Credit and Risk Team B handles applications that require greater consideration. 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 and affordability assessment, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we focus on affordability and sustainability, the ability of the loan applicant to service and repay the requested loan

through its term, and security, the adequacy of the property being offered as security for the loan. 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. Proof of income, typically in the form of payslips, an employer reference or, in the case of self-employed applicants, an accountant's certificate, 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.

The lending decision stage consists of another quality review to ensure that all technical aspects of the application data have been checked for validity. 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).

Funding and Completion

Prior to 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. Lastly, 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, and if the application is approved for funding by an appropriately mandated underwriter, the application is forwarded to our legal counsel for completion and to be funded. Our legal department performs an additional 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.

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

36.7% 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, 2013, 62.0% of the short-term loans were underwritten for first-lien property, 23.6% for raising capital and 14.4% for other purposes. In the same period, 28.2% of the medium and long-term loans were underwritten for capital raising and major purchases, 40.4% for first lien purchases and remortgages, 11.5% for refurbishments and improvements of

buy-to-let properties, 7.3% for improvements of buy-to-let properties and credit consolidation, 10.3% for credit consolidation and 2.2% for purchases of other property. We lend commercial purpose loans for a minimum of £5,000 and for a maximum of £5,000,000. 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 37% of our commercial purpose loans are short-term loans and approximately 63% of our commercial purpose loans are medium and long-term loans.

Short-term Commercial purpose loans

Approximately 14% of our loan portfolio and approximately 37% 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. Based on broker estimates and extrapolating from data compiled by industry groups, we believe that we have a market share of approximately 3.6% of the short-term commercial purpose loan market in the United Kingdom.

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 44%, 30% and 26% of our short-term commercial purpose loans through a network of professionals, the broker network and auction houses, respectively. We also distribute a marginal amount of our short-term commercial purpose loans through direct sales. Currently, we primarily work with professionals and auction houses located in the northwest of England, and, as a result, the location of the properties securing loans distributed through these channels largely mirror this distribution, with approximately 32% of security for short-term commercial purpose loans, calculated by value of loans funded in the year ended June 30, 2013, located in the northwest of England.

Broker Network

We rely on the same broker network for distribution of some of our commercial purpose loans as we do for distribution of our retail purpose loans, albeit to a lesser extent for short-term commercial purpose lending. Only 30.1% of short-term commercial purpose loans funded in the year ended June 30, 2013 were sourced from the broker network. For more information on the broker network, see "—Retail Purpose Lending—Distribution." 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 over 3,000 banking, accounting, legal 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 come to us for a bridging loan on behalf of one of its loan applicants who has been pre-approved for a loan, 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 almost 40-year operating history. 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.

Auction Houses

We have contractual relationships, including exclusivity agreements, with certain auction houses across the United Kingdom. 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. Mortgage loans can be approved before or after the auction.

Security

Of our short-term commercial purpose loans, approximately 80% are secured by first liens and approximately 20% are secured by second liens. Approximately 66% and 34% of the properties securing our short-term commercial purpose loans are residential and commercial, respectively. Of loans funded in the year ended June 30, 2013, 3.8% of loans are secured against commercial properties such as offices; 9.8% of loans are secured on land; 3.1% are secured on light industrial property such as units on industrial estates; 1.8% are secured on retail units; and 4.0% are secured on other semi commercial property types including Bed and Breakfasts, pubs and farms. The remaining 77.6% of short term commercial loans funded in the year ended June 30, 2013, are secured on residential properties. Geographically, 43.5%, 7.4% and 49.1% of the properties securing our short-term commercial purpose loans are located in the northwest region of the United Kingdom, London and throughout the remainder of the 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, 2013, the weighted average loan terms for short-term commercial purpose loans offered by LMCL, BDFL and AFL were each 12 months. We generally apply an initial term of 12 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 12 months and applying a fee to loans that extend beyond this term, this ensures that we maintain an annual yield on such lending similar to the yield earned on loans that are redeemed within the 12 month period where the amount can be advanced again, incorporating a new arrangement fee. Short-term commercial purpose loans that were redeemed in the year ended June 30, 2013 had an average elapsed term of 21 months.

Brands

We offer short-term commercial purpose loans principally under three brands: LMCL, BDFL and AFL. As of June 30, 2013, 57.7% of short-term commercial purpose loans consisted of LMCL loans, of which 76.3% were first lien loans and 23.7% were second lien loans. LMCL distributes its short-term commercial loans through the broker network. As of June 30, 2013, 27.6% of our short-term commercial purpose loans consisted of BDFL loans, of which 80.5% of were first lien loans and 19.5% were second lien loans. BDFL distributes its loans through the network of professionals, including repeat customers. As of June 30, 2013, 10.3% of our short-term commercial purpose loans consisted of AFL loans, of which 98.4% were first lien loans and 1.6% were second lien loans. AFL distributes its loans through auction houses.

The table below sets forth certain information about the short-term commercial purpose loans offered by LMCL, BDFL and AFL as of June 30, 2013.

	Short-term Commercial Purpose Loans					
	LMCL		BDFL		AFL	
	Loan portfolio as of June 30, 2013	Business underwritten in the year ended June 30, 2013	Loan portfolio as of June 30, 2013	Business underwritten in the year ended June 30, 2013	Loan portfolio as of June 30, 2013	Business underwritten in the year ended June 30, 2013
Weighted Average Indexed LTV	80.9%	53.0%	68.1%	49.3%	51.1%	51.0%
Weighted Average Nominal Rate / APR(1)	15.2%	16.8% / 25.5%	16.2%	17.0% / 24.7%	15.2%	14.8% / 21.2%
Average Inception Loan Size	£139,497	£143,645	£144,309	£111,384	£58,777	£67,908
Weighted Average Inception Loan Term	12 months	12 months	12 months	12 months	12 months	12 months
Outstanding Balance	£79,637,356	£17,997,297	£38,082,190	£13,423,973	£14,178,404	£9,809,990
Percentage First lien	76.3%	79.0%	80.5%	85.1%	98.4%	99.8%

(1) APR is only provided for business underwritten in the year ended June 30, 2013.

Medium and Long-term Commercial Purpose Loans

Approximately 24% of our loan portfolio and approximately 63% 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. Based on broker estimates, we believe that we have market shares of the United Kingdom buy-to-let and other medium and long-term commercial purpose loans markets of less than 1% and less than 2%, respectively.

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 investment properties, releasing equity from existing investment properties and raising capital for businesses.

Distribution

We distribute approximately 89% and 3% and 7% of our medium and long-term commercial purpose loans through the broker network, direct sales, consisting primarily of repeat customers, and professional referrals, respectively. We also distribute a marginal amount of our medium and long-term commercial purpose loans through the network of professionals. For more information on the broker network, see "—Retail Purpose Lending—Distribution" and "—Commercial Purpose Lending—Short-term Commercial Purpose Loans—Distribution—Broker Network."

Security

Of our medium and long-term commercial purpose loans, approximately 77% are secured by first liens and approximately 23% are secured by second liens, calculated by value. Approximately 61% and 39% of the properties securing our medium and long-term commercial purpose loans are residential, commercial and semi-commercial, respectively, calculated by value. Of loans funded in the year June 30, 2013, 5.5% of loans are secured against commercial properties such as offices; 3.0% are secured on land; 6.2% are secured on light industrial property such as units on industrial estates; 5.0% are secured on retail units; and 12.1% are secured on other semi commercial property types including Bed and Breakfasts, pubs and farms. The remaining 68.3% of medium and long-term commercial loans funded in the year ended June 30, 2013, are secured on residential properties. Geographically, 18%, 14% and 67% of the properties securing our medium and long-term commercial purpose loans are located in the northwest region of the United Kingdom, London and throughout the remainder of the 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 two to 30 years. The weighted average loan terms for our medium and long-term commercial purpose loans offered by LMCL and BFL as of June 30, 2013 were 243 months and 228 months, respectively. Medium and long-term commercial purpose loans that were redeemed in the year ended June 30, 2013 had an average elapsed term of 54 months.

Brands

We offer medium and long-term commercial purpose loans principally under two brands: LMCL and BFL. As of June 30, 2013, 70.2% of medium and long-term commercial purpose loans consisted of LMCL loans, of which 84.2% were first lien loans and the remaining 15.8% were second lien loans. As of June 30, 2013, 19.7% of our medium and long-term commercial purpose loans consisted of BFL loans, of which 43.4% were first lien loans and 56.6% were second lien loans. Both brands distribute nearly all their medium and long-term commercial purpose loans through the broker network.

The table below sets forth certain information about the medium and long-term commercial purpose loans offered by LMCL and BFL as of June 30, 2013.

	Medium and Long-term Commercial Purpose Loans			
	LMCL		**BFL**	
	Loan portfolio as of June 30,2013	**Business underwritten year ended June 30,2013**	**Loan portfolio as of June 30,2013**	**Business underwritten in year ended June 30,2013**
Weighted Average Indexed LTV	64.8%	47.3%	50.2%	45.9%
Weighted Average Nominal Rate / APR(1)	11.4%	12.9% / 14.7%	11.7%	11.7% / 14.4%
Average Inception Loan Size	£98,780	£117,935	£37,171	£37,210
Weighted Average Inception Loan Term	243 months	168 months	228 months	219 months
Outstanding Balance	£165,452,566	£22,298,020	£46,532,670	£15,273,414
Percentage First lien	84.2%	77.3%	43.4%	47.7%

(1) APR is only provided for business underwritten in the year ended June 30, 2013.

Underwriting Process

Our underwriting process for commercial purpose lending consists of a detailed, individualized credit and affordability assessment similar to that undertaken for retail purpose lending, including similar underwriting guidelines, review processes, mandate levels 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, rather than divided among teams. The workflow stream to which an application is assigned depends on the distribution source of the application, whether through the broker network, the network of professionals, auction houses or direct sales. 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. 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. In the case of short-term commercial purpose loans, we also undertake a detailed assessment of the feasibility of the planned exit strategy. Where appropriate, this assessment includes a maximum net income to loan repayment calculation to ensure the continuing ability of the borrower to service the loan should the exit strategy not develop as planned. We may also request other documents as the case requires.

Development Loans

As of June 30, 2013, development loans comprised 9.8% of our loan portfolio. Development loans are loans that we historically extended to finance the development of land or property into residential units with repayments being made out of the sale of the units. Of our development loans, 93.1% were originated prior to 2009. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but currently underwrite minimal new development loans. In the year ended June 30, 2013, we

extended £4.8 million in further advances and have underwritten £0.6 million in new development loans. As of June 30, 2013, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £5.9 million and recorded provisions of £7.6 million.

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: RICS, external and automated. 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 uses 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 "forced sale" valuations, which assume the property must be sold within a limited timeframe. We conduct RICS valuations for the majority of our loan applications.

We employ 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 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. We employ a variety of collection strategies, mindful of our regulatory duty to treat our customers fairly. 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. Our conservative lending approach means that our customers typically retain equity in their homes, which incentivizes them to work with us to find appropriate and mutually acceptable payment solutions. Between 2009 and 2011, we invested in developing a customer relationship management IT platform. 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 and commercial borrower accounts are continually reviewed for indications of impairment. In the case of retail borrowers, 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. In the case of commercial borrowers, accounts with missed payments are reviewed before determining a strategy, which may include sending letters or other forms of contact. In the event of continued financial hardship and inability to make scheduled payments, the matter is escalated to the support team within either our retail or commercial purpose lending division, as relevant, 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 the "stickrate"). By measuring the stickrate, 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 retail customers who have irregular incomes and the number of our commercial customers who have irregular cash flows. 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 12 months of funding decreasing from 9.4% for loans funded in the year ended June 30, 2007 to 3.1% for loans funded in the year ended June 30, 2011. As of June 30, 2013, of our contractual arrears greater than one month's contractual installment, which represented 28.7% of our loan portfolio, excluding repossessed and development loans, calculated by value, 58.6% were performing arrears loans.

Repossessions and LPA Receivership

We review all accounts on a regular basis. As part of our individualized approach, we work with each customer to determine if the cause of a payment delinquency is short-term, such as illness or unemployment, or long-term and then develop a plan based on that determination. Plans may include payment arrangements, assisted sales of the property or, in the case of commercial and semi-commercial properties that are not owner-occupied, our taking over the property as part of a law of property act ("LPA") receivership. For more information about how we work with our clients when payments fall in arrears, see "—Collection and Arrears Management." Repossession or placing property in LPA receivership, 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 rights to conduct a repossession or LPA receivership are 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. If we place a property in LPA receivership, we may sell it immediately or use it as a rental property, the management of which is supported by external specialists where appropriate. In the year ended June 30, 2013, we conducted 362 repossessions, representing 1.1% of our total loan assets, calculated by value, and placed 92 properties in LPA receivership, representing 0.8% of our total loan assets, calculated by value.

Risk Management

We have implemented an established management framework referred to as the "3 Lines of Defence" model. The first line of defense comprises all managers and staff, including the Chief Executive Officer and operational functions, as well as our operational committees, including the Executive, Treating Customers Fairly ("TCF") and Fraud Committees and the Credit Risk Arrears Forum. The second line of defense comprises risk, compliance, legal and financial control functions, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees. The third line of defense includes our internal audit function, our Audit, Risk and Compliance Committee, which is primarily composed of non-executive directors, and the 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 assists the Chief Executive Officer in the discharge of his duties in promoting and maintaining a business culture that is consistent and aligned with high standards of governance and focused on TCF. The role of the TCF Committee is to provide leadership in the continued embedding of a TCF-oriented culture within the group. The TCF Committee ensures that TCF principles and standards are embedded in the design, review and amendment of our policies, practices and procedures. The Fraud 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 Credit Risk Arrears Forum 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 further review 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 Executive Risk Committee, which provides executive monitoring and oversight, as well as provides a further review of all areas of risk, monitoring and reviewing mitigating actions in line with risk appetite. Additionally, the 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, develop our underwriting policies, provide additional oversight of compliance with those policies and monitor our arrears management.

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 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—Audit, Risk and Compliance Committee." Pursuant to the terms of the Revolving Credit Facility and the Conduit Securitization, external loan book audits are conducted semi-annually and annually, respectively, using the same tests, within 45 days of the end of each half and full financial year, as applicable. The Royal Bank of Scotland plc, as agent under the Revolving Credit Facility and the Conduit Securitization, appoints an external auditor, who is required to provide an audit report on the borrowing base mortgage pools of each facility, amongst other things, covering compliance with financial covenants and confirming processing was in line with agreed procedures and parameters. Each audit must include at least 150 loans, selected randomly and with sufficient coverage of loan types, including loans in arrears. The audits include the testing of 18 specified data points against the information we provide in monthly information reports we are required to provide, matching the information contained within our files and validating that 10 specified underwriting procedures have been performed in accordance with stated policy. The audit also includes selecting sample months and confirming that the figures included within our monthly information reports match our underlying system reports. In addition, a sample of files are 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, we have internally developed IT systems that are able to accommodate the variety of our loans and our in-depth recording of information pertaining to borrowers, property and loans, at origination and during the life of the loan, including changes in payment arrangements. We are also able to analyze information in our systems based on loan characteristics, which supports business decisions and our modeling capabilities.

Our infrastructure consists of a highly virtualized, scalable environment, which permits quick access to documents and rapid system-wide upgrades. Our system also boasts robust anti-virus protection, special encryption and remote device security for working remotely and centralized data storage.

Additionally, we are in the process of implementing a disaster recovery plan that proceeds in phases based on the level of the disaster, providing support and remote activation of components of our business by priorities and, if necessary, an offsite location for individuals, should we be unable to access our offices.

Intellectual Property

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. For example, as the majority of our staff works in a virtualized environment, without direct access to our hardware or software, the risk of infringement is limited.

We market the majority of our loans and services under approximately eight trademarks, all of which are registered in the United Kingdom. We believe that our "Jerrold Group" and "Blemain Group" trademarks, as well as our major service and loan brands, enhance our competitive advantage and are essential to our business.

We also have registered approximately 110 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

Jerrold Holdings Limited maintains professional indemnity insurance up to a limit of £1,042,520 and CMCL, specifically, maintains professional indemnity insurance to meet statutory requirements of, in aggregate, €1,680,300 or, if higher, 10% of our annual income up to £30 million. In addition, Jerrold Holdings Limited maintains combined public, products and employers liability insurance that provides coverage up to £2,000,000 for any one public liability claim, £2,000,000 in aggregate products liability claims, £10,000,000 for any one employers liability claim, but with an additional limit of £5,000,000 for any one employer's liability terrorism claim, 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 40% of our business operations are regulated by the FCA and/or the OFT.

Certain of the activities in which we are engaged are regulated by the FCA, including one of our principal activities of entering into and administrating regulated first lien mortgage contracts and assisting in the administration and performance of insurance contracts. See "Regulation—FCA Authorization." The FCA has prescribed rules, principles and guidance (the "FCA Rules") in accordance with which certain of our mortgage lending 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 requirements on us. Our "treating customers fairly" obligation requires us, among other things, to demonstrate that senior management are taking responsibility for ensuring that we and our staff at all levels deliver the consumer outcomes relevant to our business 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 (known as "approved persons") performing certain functions in our business (known as "controlled functions").

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly. Monitoring is carried out by the FCA to assess our compliance with 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 disciplinary action, including requiring customers to be compensated for loss, the imposition of penalties and the revocation or variation of our authorizations to conduct business, in whole or in part.

Certain of our credit activities are also regulated by the OFT, including second lien retail lending, consumer brokerage and debt collecting. Most second lien retail mortgages are regulated under the Consumer Credit Act 1974 which requires lenders to hold a consumer credit license (a "CCL"), issued by the OFT, and sets out a range of consumer protection requirements in relation to the advertising and marketing of loans, the form, content and execution of credit agreements, pre-contractual and post-contractual disclosure requirements, default and termination, the taking of securities, and judicial controls over the enforcement of debts. The OFT considers second lien lending a high-risk credit activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The OFT has issued specific guidance for the second lien lending industry covering the topics set out above and there is also general guidance that second lien lenders will be subject to, most notably the OFT Debt Collection Guidance and the Irresponsible Lending Guidance. In addition, our debt collection (and broader consumer credit) business is subject to an obligation to act fairly, as set out in the Consumer Protection from Unfair Trading Regulations 2008.

On March 15, 2012, the UK government announced a plan to merge the competition functions of the OFT with the Competition Commission to form a single Competition and Markets Authority. The current duties and responsibilities of the OFT in relation to the regulation of consumer credit will not be carried over to the Competition and Markets Authority, but will be transferred to the FCA. An FSA consultation paper dated March 6, 2013 suggests that our lending businesses (in particular our second lien lending business) will be regulated by the FCA. Transfer of regulation of second lien lending from the OFT to the FCA is expected to take place in April 2014. For additional information, see "Regulation."

We have undergone and are undergoing review of certain of our past lending decisions and business practices with respect to certain of our subsidiaries between 2004 and 2011, in particular in respect of lending decisions on CMCL accounts and payment protection insurance sold by Phone-A-Loan Limited, one of our subsidiaries. Pending the outcome of these reviews, we may be required to make certain payments to certain account holders. We have made certain payments already and believe we have made adequate provisions in our accounts for any remaining exposure to such payments.

We have already introduced a significant number of the policies, processes and competencies currently applied to our first lien FCA regulated business to our second lien mortgage business in line with what we believe will be required as the regulation of such business is transferred from the OFT to the FCA in April 2014. Consequently, we believe that we are therefore well positioned to manage this transition.

Compliance and Quality Control

We have a comprehensive and ongoing training program in place for our underwriters. We also actively manage our relationships with brokers.

Underwriters

A training and competency supervisor (the "T&C Supervisor") oversees our underwriter training program. The T&C Supervisor is responsible for application auditing for quality control and for training underwriters. For training in niche skills outside of our internal capabilities, we use external providers. The T&C Supervisor is also responsible for ensuring understanding by staff members of all regulatory requirements, including those required under the Data Protection Act, by the FCA and under anti-money laundering regulations. The T&C Supervisor carries out monthly audits on a random sampling of applications for each underwriter in the case of retail purpose lending and on all applications in the case of commercial purpose lending. The audit includes a review of each application in the sample for adherence to our policies and procedures and a review of each lending decision, considering the underwriter's rationale and whether each applicant's circumstances was given adequate consideration. If serious faults are found with an underwriter, the T&C Supervisor works with that underwriter's team leader to establish a training and action plan for monitoring and improving that underwriter's performance. The T&C Supervisor reports to the heads of underwriting.

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 "introducers" 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 Head of Risk, which review includes the evidencing of permissions. In the case of brokers permitted to act for us as introducers, such brokers pass sales leads to us and we contact those individuals to offer our products and services, and, if accepted and such individuals apply for a loan with us, our 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. Brokers may or may not be regulated under the FCA. Only FCA authorized brokers may issue loan offer documentation on a first charge regulated loan agreement.

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 of Concern Committee, a sub-committee of the Fraud Committee for consideration. If fault is found, we may make recommendations to the broker to improve their processes or policies or place the broker under a status of increased scrutiny. 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 compliance department, which decides if the matter needs to be referred to the FCA or to the Serious Organized Crime Agency.

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 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.

Employees

As of June 30, 2010, 2011, 2012 and 2013, we had an average of 282, 329, 337 and 349 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, parts of the mortgage market are currently regulated by the FCA and the secured lending market is regulated by the OFT. The FCA regulates the vast majority of the market through its powers to regulate residential mortgage borrowing secured by a first lien on land and imposes specific obligations on mortgage lenders in respect of responsible lending. The OFT monitors compliance with the Consumer Credit Act 1974 in relation to firms active in residential mortgage lending that is secured by a second or subsequent lien. As of June 30, 2013, 47.4% of our total loan book represented unregulated commercial purpose loans, 31.6% represented OFT-regulated retail purpose loans, 13.8% represented unregulated retail purpose loans and 7.2% represented FCA-regulated retail purpose loans.

FCA Authorization

Certain of the activities in which we are engaged are regulated activities for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) and, pursuant to the Financial Services and Markets Act 2000 as amended, require FCA authorization and supervision. Within our group of companies, only CMCL is authorized and regulated by the FCA 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 agreeing to carry on any of the above activities. A regulated mortgage contract is defined to include loans where the borrower's obligation to repay is secured by a first legal mortgage on land and at least 40% of that land is used or intended to be used in connection with a dwelling by the borrower or a family member of a borrower.

An authorized entity may appoint another entity to act as its appointed representative with respect to certain regulated activities. The appointed representative is not authorized to conduct regulated activities but acts, pursuant to a written agreement, as agent for the principal that appoints it. The principal, being FCA regulated, accepts full responsibility, including any liabilities that might arise for ensuring that its appointed representatives comply with FCA regulation. An appointed representative may only act within the scope of the written agreement with its principal, which in turn can only include activities for which the principal is authorized. Further, an appointed representative may not deal as agent to conclude home finance contracts and may not assist in the administration and performance of a home finance contract.

Within our group of companies, BFL, LMCL, Phone-A-Loan Limited, BDFL and Bridgingfinance.co.uk Limited are appointed representatives of CMCL.

The FCA has prescribed rules, principles and guidance (the "FCA Rules") in accordance with which certain of our mortgage lending 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 us. Our "treating customers fairly" obligation requires us, among other things, to demonstrate that senior management are taking responsibility for ensuring that we and our staff at all levels deliver the consumer outcomes relevant to our business through maintaining an appropriate firm culture and operational processes.

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly. Monitoring is carried out by the FCA to assess our compliance with regulatory requirements of the FCA. 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 disciplinary action, including requiring customers to be compensated for loss, the imposition of penalties and the revocation or variation of our authorizations to conduct business, in whole or in part.

OFT Licensing

Pursuant to section 21 of the Consumer Credit Act 1974, a Category A Consumer Credit License ("CCL") is required to carry on consumer credit business. Following a clarifying amendment in April 2008, "consumer credit business" is defined at section 189 of the Consumer Credit Act to mean any business carried on by a

person so far as it relates to "the provision of credit by him or otherwise his being a creditor under regulated consumer credit agreements." Most second lien mortgages are regulated consumer credit agreements. An entity must apply for and hold a Category A CCL prior to entering into a regulated consumer credit agreement as a lender. In addition, businesses that perform certain other ancillary consumer credit activities are required to apply for and hold other categories of CCL (for example, businesses that perform debt collection are required to apply for a Category F CCL unless their debt collection activities relate solely to the collection of debts owed to them as creditor (in which case they would, in any event, require a Category A CCL).

Within our group of companies, the key operating companies are permitted to conduct the following consumer credit activities pursuant to their respective CCLs are:

(a) CMCL, which is licensed for consumer credit and consumer hire;

(b) BFL, which is licensed for consumer credit, consumer hire, credit brokerage, being a credit reference agency, debt adjusting/counseling and debt collecting.

(c) LMCL, which is licensed for consumer credit, consumer hire, credit brokerage, being a credit reference agency, debt adjusting/counseling and debt collecting.

(d) BDFL, which is licensed for consumer credit, consumer hire, credit brokerage, and the provision of credit information services, excluding credit repair; and

(e) AFL, which is licensed for consumer credit.

The Consumer Credit Act 1974 and related regulations set out a range of consumer protection requirements in relation to the advertising and marketing of loans, the form, content and execution of credit agreements, pre-contractual and post-contractual disclosure requirements, default and termination, the taking of securities, and judicial controls over the enforcement of debts.

These legal requirements oblige creditors to, among other things:

- provide customers with heavily prescribed credit agreement documentation at the outset;
- enable customers to obtain copies of credit agreement documentation;
- provide customers with prescribed forms of post-contractual notices;
- provide a fair relationship between themselves and the customer (an "unfair relationship" can be the result of an act or omission at any time); and
- ensure that their agreements do not contain unfair terms (and provide that any unfair terms are not binding on the customer).

A failure to comply with these requirements can make agreements or parts thereof unenforceable or can result in interest or fees applied being reversed and, where collected, repaid.

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.

The OFT considers second lien lending a high-risk credit activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The OFT has issued specific guidance called the Second lien Lending—OFT Guidance for Lenders and Brokers (the "SCL Guidance") for the second lien lending industry covering the topics set out above which sets out further standards that businesses that engage in second lien lending must comply with. The SCL Guidance sets out a number of overarching principles that businesses should adopt in the second lien lending sector, which are: (i) transparency; (ii) fair and clear contract terms; (iii) no high-pressure selling; (iv) no irresponsible lending; (v) forbearance towards consumers experiencing difficulties; and (vi) proportionate action on arrears and defaults.

Licensees must be able to demonstrate that they are "fit" to hold a CCL. The OFT issues guidance on what conduct it considers necessary for a licensee to be able to demonstrate "fitness." Failure to comply with any guidance issued by the OFT, including the SCL Guidance, is likely to have serious consequences, for example:

- the OFT may refuse to issue or renew a CCL or may commence a process to revoke or vary a CCL. Any refusal or revocation process by the OFT would be publicly known and could involve severe reputational

damage. If we are refused a CCL or a CCL is revoked or varied to restrict the activities we are permitted to conduct, our lending business could be severely constrained, depending on the restriction, license and entity in question, and we may not be able to continue to run our business as it is currently run;

- the OFT may take steps to publicly issue "requirements" on a CCL. These would constitute a public censure and would require a lender like us to make changes to its business practices and not repeat similar conduct in the future. If we become subject to such requirements, our reputation, and, consequently, our ability to win future business may be adversely affected. We might also have to introduce changes to our business practices in response to "requirements" issued to some of our competitors;
- the OFT has the power to immediately suspend a license in the case of urgent necessity; and
- in some cases, failures can cause agreements or parts thereof to be deemed unenforceable (meaning that in some cases the outstanding debt or part thereof or interest thereon cannot be collected). This may be due to actions taken or not taken by us, agreement wording, definitions, calculation methodologies or terms used within the agreement that are not compliant with historic, existing or future laws, regulations or court actions. This could affect our ability to recover on the accounts within our total loan assets.

There is other OFT guidance that is also relevant to our business, such as the Irresponsible Lending Guidance, which highlights a number of ways in which collecting delinquent debt should be undertaken. The legal principles are similar to those set out in the SCL Guidance. For example, they require those seeking to recover debt to: (i) act with understanding and forbearance; (ii) be transparent with borrowers and keep them informed of their debt and who is responsible for collecting it; (iii) not inappropriately or excessively use statutory demands to threaten debtors; (iv) act proportionately, for example, by only repossessing a debtor's home as a last resort, and (vi) only seek payments that are affordable, for example, by not seeking large lump-sum payments that a debtor cannot afford.

In addition, our debt collection (and broader consumer credit) business is subject to an obligation to act fairly, as set out in the Consumer Protection from Unfair Trading Regulations 2008 and the Unfair Terms in Consumer Contracts Regulation 1999.

Data Protection

As a mortgage 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 lending 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 is a member of the Finance Leasing Association and these companies comply with the relevant standards set out by these organizations.

Regulatory Changes

The Financial Services Act 2012, the main provisions of which entered into force on April 1, 2013, replaced the "FSA" with the "FCA" and conferred certain of the FSA's regulatory functions to a new Prudential Regulation Authority and the Bank of England. It further created a new Financial Policy Committee which will be a committee of the Bank of England.

On March 15, 2012, the UK government announced a plan to merge the competition functions of the OFT with the Competition Commission to form a single Competition and Markets Authority. The current duties and responsibilities of the OFT in relation to the regulation of consumer credit will not be carried over to the Competition and Markets Authority, but will be transferred to the FCA. An FSA consultation paper dated

March 6, 2013 suggests that our lending businesses (in particular our second lien lending business) will be regulated by the FCA. Transfer of regulation of second lien lending from the OFT to the FCA is expected to take place in April 2014.

On October 25, 2012, the FSA published its policy statement and final conduct of business rules for its mortgage market review which are to come into force on April 26, 2014. Conduct of business in relation to the mortgage market has also been reviewed at the European level by the European Commission which, in March 2011, proposed a Mortgage Credit Directive. While the Mortgage Credit Directive is still under consideration by the EU Parliament, the FSA have been party to its development and the FCA is now, in the United Kingdom, responsible for introducing any additional changes not already introduced as part of its (and the FSA's) own mortgage market review. It is expected that member states will be required to implement all parts of any finalized Directive by 2015.

Management

Board of Directors of the Issuer

Jerrold FinCo plc is a public limited company incorporated under the laws of England and Wales and was formed for the purpose of facilitating the offering of the Notes. The Issuer is a direct wholly-owned subsidiary of the Company. The following table sets forth the names, ages and titles of the members of the Board of Directors of Jerrold FinCo plc, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	63	Director
Gary D. Beckett	44	Director
Marc R. Goldberg	41	Director
Stephen P. Baker	56	Director

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 loan underwriting functions.

Gary D. Beckett joined Jerrold Holdings in 1994 and was appointed Group Finance Director in 2001. Prior to his appointment as Group Finance Director, Mr. Beckett served multiple roles with us, including as our Group Operations Director between 2000 and 2001 and then Group Finance Director from 2001. Before joining Jerrold Holdings, Mr. Beckett had previously worked on our statutory audit. Mr. Beckett holds a Bachelor of Arts (Honors) degree in accountancy and is a qualified chartered accountant.

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 and to Group Commercial Director in 2009. Mr. Goldberg was appointed to the Board of Directors in 2001.

Stephen P. Baker joined Jerrold Holdings as Group Operations Director in 2008. Mr. Baker has over 30 years of experience in the financial services sector. Mr. Baker has also held directorships at, among others, GE Capital, Britannic Assurance, HFC Bank and Close Credit Management, where he served as Chief Executive Officer until 2008. Mr. Baker holds a Higher National Diploma in Business Studies (Accountancy).

Board of Directors of the Company

The affairs of the group are managed by the Board of Directors of Jerrold Holdings Limited. Jerrold Holdings Limited 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 Jerrold Holdings Limited, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	63	Chief Executive Officer(1)
Gary D. Beckett	44	Group Finance Director
Marc R. Goldberg	41	Group Commercial Director
Stephen P. Baker	56	Group Operations Director
Robert M. McTighe	59	Non-Executive Director and Chairman
David J. Bennett	51	Non-Executive Director
Joe M. Shaoul	73	Non-Executive Director

(1) Prior to December 1, 2013, we expect to appoint Gary Jennison to act as deputy CEO of the Jerrold Group. Mr. Moser will continue to act as CEO and Mr. Jennison will assist Mr. Moser with his duties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Results of Operations—Regulatory Considerations."

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.

Robert M. McTighe was appointed a Non-Executive Director and Chairman in 2011. Mr. McTighe previously held the positions of Chief Executive of the Global Operations division of Cable & Wireless 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 a number of companies, including Volex Group, WYG Group and Betfair Group. He is currently advising Lloyds Banking Group's Business Support Unit in its turnaround efforts. In the past he has successfully lead the turnaround of a number of companies, such as Pace, Volex Group and Lloyds Banking Group distressed debt positions. Additionally, Mr. McTighe is on the board of Ofcom, the independent regulator and competition authority for the UK communications industries. Mr. McTighe holds a Bachelor of Science in Electrical Engineering (Honors) from University College, London.

David J. Bennett was appointed a Non-Executive Director in 2011. 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. Mr. Bennett is currently a non-executive director and Chairman of the Audit Committee of the board of easyJet, the Chairman of Homeserve Membership and is a non-executive board member and Chairman of the Remuneration Committee of Pacnet Ltd, a Hong Kong based telecommunications company. Since February of this year, Mr. Bennett has served on the board of the Bank of Ireland UK. Mr. Bennett also serves as Chair of the Audit & Risk Committee. Mr. Bennett holds a Master of Arts from Cambridge University.

Joe 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, consultant for Svenska Handelsbanken, Field Cunningham Solicitors and Zatman & Co Solicitors, and a non-executive director of Bridge Insurance Brokers Ltd and UK Land & Property Ltd. Mr. Shaoul has been a member of both 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.

Appointment of Directors

Henry Moser and the Moser Family Trust, a trust in the name of immediate members of Mr. Moser's family, as majority shareholder have the right to appoint, remove and replace a majority shareholder director (the "Majority Shareholder Director"), a position currently held by Mr. Moser. The Investors have the right to appoint, remove and replace an investor director (the "Investor Director") under the Shareholders Agreement. The position is currently vacant, following the departure of the former Investor Director in June 2013 due to a change in his role at Equistone. The Investors will appoint a new Investor Director in the coming months, as permitted under the Shareholders Agreement. The maximum number of directors is nine. Directors other than the Majority Shareholder Director and the Investor Director may be appointed either by (i) the directors or (ii) an ordinary resolution of the company, provided the board has approved such appointment. The appointment of a non-executive chairman of the board and the chief executive officer is controlled by the Board of Directors and, pursuant to the Shareholders Agreement, requires the consent of the Investor Director.

Senior Management of the Company

The following table sets forth the names, ages and positions of the members of the senior management of Jerrold Holdings Limited, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	63	Chief Executive Officer
Gary D. Beckett	44	Chief Financial Officer
Marc R. Goldberg	41	Group Commercial Director
Stephen P. Baker	56	Group Operations Director
Kevin G. A. Fisher	54	Director of Human Resource
Matthew J. Ridley	37	Director of Finance
Stuart Bean	42	Director of Information Technology
Michael L. Pollard	45	Interim Director of Risk and Compliance
Georgina C. Verity	37	Director of the Corporate Office

The following is biographical information for each of the members of our senior management team who do not serve on the Board of Directors of Jerrold Holdings Limited.

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.

Matthew J. Ridley joined Jerrold Holdings as Group Financial Controller in 2004 and was appointed Director of Finance in 2010. Prior to that, Mr. Ridley served also as Finance Operations Director. Mr. Ridley previously worked at KPMG, where his work focused on small- to medium-sized financial sector clients. Mr. Ridley is a qualified chartered accountant.

Stuart Bean was appointed Director of Information Technology in 2004. Mr. Bean previously worked in IT in the retail finance divisions at Lloyds TSB, Egg and Kensington Mortgages. Previously, he served as a board member of Digital Planning Limited, Digital Asset Management Limited, Crytex Computing Limited and Digital Almanac Company Limited.

Michael L. Pollard was appointed Interim Director of Risk and Compliance in 2011. Mr. Pollard previously served as director and non-equity relationship partner at PriceWaterhouseCoopers and as Compliance Director at Co-Operative Financial Services. Mr. Pollard holds a Master of Arts (First class) degree from Lancaster University as well as a Bachelor of Arts degree from the University of Central Lancashire. Mr. Pollard is a Chartered Insurer and fellow of the Chartered Insurance Institute.

Georgina C. Verity was appointed Director of the Corporate Office in 2012. Ms. Verity joined Jerrold Holdings in 2007 as Group Financial Controller. Ms. Verity previously worked at KPMG, where her work focused on medium- to large-sized financial sector clients. Ms. Verity is a qualified chartered accountant and obtained the CertITM certificate from the Association of Corporate Treasurers. Ms. Verity holds a Bachelor of Arts (Honors) degree from Manchester University.

Committees of the Board of Directors

Audit, Risk and Compliance Committee

Our audit, risk and compliance committee (the "ARCC") is comprised of Mr. Moser and Mr. Shaoul and is chaired by Mr. Bennett. The principal objectives of the ARCC are to support the Board of Directors in considering activities that expose or may expose the business to material audit, financial or other risks. Its duties include reviewing and challenging the financial statements for all entities within the group, ensuring an appropriate and effective risk governance framework, ensuring effective monitoring of compliance with internal and external control policies, covenants, regulations and legislation, considering the appropriateness of the regulatory framework as applied by senior management, providing that appropriate and effective risk management, compliance and internal audit functions are in place and overseeing the performance of internal and independent auditors. The ARCC meets at least quarterly.

Nomination Committee

Our nomination committee is comprised of Mr. Moser, Mr. Bennett and Mr. Shaoul and is chaired by Mr. McTighe. 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 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 meets at least twice a year.

Remuneration Committee

Our remuneration committee is comprised of Mr. Moser, Mr. Bennett and Mr. McTighe and is chaired by Mr. Shaoul. 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 establishing an appropriate framework for determining the remuneration of directors and senior management, providing that incentives to encourage and reward enhanced performance by directors and senior management are appropriate and fair and reviewing the remuneration policy on an ongoing basis to ensure its continued relevance. The remuneration committee meets at least quarterly.

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, 2013 was £3.2 million.

Share Ownership

Henry Moser, our Chief Executive Operator, owns or controls, directly or indirectly, a majority of the shares of the Company. For further details, see "Shareholders."

Shareholders

The Issuer has share capital of 50,001. The Company is the sole shareholder of the Issuer, holding 100% of the Issuer's issued and outstanding shares. The Company, Jerrold Holdings Limited has various classes of ordinary shares in issue: B1 ordinary shares, B2 ordinary shares, C1 ordinary shares, C2 ordinary shares and C3 ordinary shares. The classes of B ordinary shares are of 49.9 pence par value each. The classes of C ordinary shares are of 1 pence par value each. The B1 and B2 ordinary shareholders are entitled to vote. The C1, C2 and C3 ordinary shareholders have waived their voting rights. Jerrold Holdings Limited also has a class of deferred shares in issue, A deferred shares, and a class of preferred shares in issue, A preferred shares.

The following table sets forth information regarding the ownership of voting share capital of Jerrold Holdings Limited as of the date of this offering memorandum.

Name	Ordinary shares(1)	Total voting rights	Percentage of voting share capital
Henry Moser(2)	6,404,938	6,404,938	70.0%
Equistone	2,268,416	2,268,416	24.8%
Standard Life Investments	476,558	476,558	5.2%
Total	9,149,912	9,149,912	100.0%

(1) Reflects the aggregate total of B1 ordinary shares and B2 ordinary shares and total voting rights.

(2) Including ownership through the Moser Family Trust, a trust in the name of immediate members of Henry Moser's family.

Pursuant to the terms of the Shareholder Agreement described under "—Shareholder Agreement" and the articles of association of Jerrold Holdings Limited, we are required to pay a dividend twice a year in arrears to Equistone and Standard Life Investments (the "Investors") as the holders of 10,405,653 of our A preferred shares, at an annual rate of £1.3435 per A preferred share plus an amount equal to 25% of profit after tax up to June 30, 2013, and then equal to 30% of profit after tax thereafter. If we fail to pay dividends on the preferred shares in full when due, we are required to pay the Investors the maximum amount that we can lawfully pay, with any outstanding amounts being carried forward. On each succeeding due date thereafter, we are required to pay on account of any outstanding dividends such amount as we can lawfully pay until the dividends have been paid in full. Pursuant to the terms of the Revolving Credit Facility, we are not permitted, however, to declare, make or pay any dividend on or in respect of our share capital. To reconcile this difference of terms between our articles of association and the Revolving Credit Facility, we have entered into an agreement with the Investors each year, pursuant to which the requirement to pay the dividends for the year is waived and the amount owed is capitalized, to be paid on disposal of the Investors' shares; additionally, we have amended our articles of association each year to reflect the revised dates from which the dividends accrue and upon which they are due. We have recently agreed with the Investors and amended our articles of association so as to waive the payment of and capitalize the dividends due in 2014 and to postpone making the first dividend payment until January 2015. We will amend our articles of association accordingly. The A preferred shares do not carry voting rights and have no fixed maturity.

Shareholders Agreement

On September 15, 2006, we entered into a shareholders agreement (the "Shareholders Agreement") with the then existing shareholders of Jerrold Holdings Limited, Henry Moser and the Moser Family Trust and the Investors.

The Shareholders Agreement contains provisions relating to our corporate governance, including the establishment and maintenance of an audit committee and remuneration committee. In connection with such provisions, we have undertaken several positive obligations to ensure that we maintain proper accounting records and maintain proper levels of insurance with a reputable insurance company. We must also provide additional information regarding our activities and prospects, such as periodic information, and inform the Investors as soon as reasonably practicable upon becoming aware of any matter materially affecting our business, financial position and prospects. Additionally, the Shareholders Agreement gives the Investors the power to appoint, remove and replace a member of the Board of Directors of the Company, the Investor Director. See "Management—Board of Directors of the Company—Appointment of Directors." The Shareholders Agreement also provides the Investors with swamping rights, which, under certain specified default conditions, including (i) the group's breach of any key financial covenant in the Revolving Credit Facility (unless the lenders thereunder waive such breach); (ii) the consolidated net profit of the group during each fiscal year before any provision or reserve in relation to any taxation for the relevant fiscal year is less than £45.0 million (adjusted to incorporate the costs associated with the offering of the Notes for the year ended June 30, 2013) or (iii) there is a material breach of the financial information rights and

consent rights under the Shareholders Agreement, give the Investors the option to enhance their voting rights and thereby assume shareholder control of the Company. However, such a change might require regulatory approval, among other things, because of our regulated activities.

Under the terms of the Shareholders Agreement, we have undertaken to seek consent from a majority of the Investors before undertaking certain actions related to our group, such as altering the share capital or the articles of association of Jerrold Holdings Limited; recommending, declaring or paying a dividend by Jerrold Holdings Limited; making major disposals and acquisitions; and borrowing money or materially altering any facility agreement (such consent not to be unreasonably withheld).

Related Party Transactions

We enter into transactions with our shareholders and other entities owned by, or affiliated with, our direct and indirect shareholders in the ordinary course of business. The following discussion is a brief summary of certain material arrangements, agreements and transactions we have with related parties.

Regular Business Transactions

Charles Street Commercial Investments Limited, a company owned by Henry Moser, pays us introduction fees when we refer them potential borrowers to whom we cannot lend, including for falling outside our lending criteria. As of and for the year ended June 30, 2013, introduction fees paid to us by Charles Street Commercial Investments Limited amounted to £0.2 million.

Bracken House Properties LLP, a company owned by the Moser Family, 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, 2013, rent and services fees paid by us to Bracken House Properties LLP amounted to £1.3 million (including a prepayment of £277.0 thousand for the July 2013 to September 2013 period) and insurance costs of £35.0 thousand were also paid to Bracken House Properties LLP (including a prepayment of £7.0 thousand for the July to September period). We relocated into our offices at Lake View in September 2012. Prior to that time, we leased offices located in Manchester, which were located in a building owned by the Blemain Finance Pension Fund. As of and for the year ended June 30, 2013, rent and services fees paid by us to Blemain Finance Pension Fund amounted to £300.0 thousand.

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 Receivership." As of and for the year ended June 30, 2013, property management fees paid by us to Sterling Properties Co Limited amounted to £562.0 thousand.

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 Jerrold Holdings Limited. 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.

Subordinated Shareholder Loan Notes

In the past we have issued, and in the future we may issue, Subordinated Shareholder Loan Notes to our shareholders. Historically, we have funded our total loan assets in part with Subordinated Shareholder Loan Notes to our shareholders. As of June 30, 2013, we had £60.0 million outstanding in Subordinated Shareholder Loan Notes. Of these Subordinated Shareholder Loan Notes, £40.0 million is due to D.L. Moser Family Settlement Trust, a trust for the family of Henry Moser, £8.0 million is due to Henry Moser, £9.9 million is due to Equistone Partners Europe and £2.1 million is due to Standard Life Investments. Interest is payable on the Subordinated Shareholder Loan Notes at a rate of 3.0% above the base lending rate of The Governor and Company of Bank of Scotland. For more information on our Subordinated Shareholder Loan Notes currently outstanding, see "Description of Certain Financing Arrangements—Subordinated Shareholder Loan Notes."

Related Party Loans

Prior to 2008, we entered into three loan transactions with companies owned by Henry Moser on commercial terms. As of June 30, 2013, these loans represented 1.3% of our total loan assets.

Description of Certain Financing Arrangements

Proceeds Loan

The Issuer, as lender, and the Company, as borrower, will enter into a proceeds loan agreement on the closing date (the "Proceeds Loan Agreement"). Pursuant to the Proceeds Loan, the Issuer will lend a portion of the proceeds from the offering of the Notes offered hereby to Jerrold Holdings Limited in order to allow it to prepay all amounts owing under the Revolving Credit Facility.

The Proceeds Loan will be denominated in pounds sterling and will bear interest at a rate at least equal to the interest rate of the Notes. Interest on the Proceeds Loan will be payable in cash semi-annually in arrears. All amounts payable under the Proceeds Loan will be payable to such account or accounts with such person or persons as the Issuer may designate from time to time. The maturity date of the Proceeds Loan will be the same date as the maturity date of the Notes. The Proceeds Loan will be an unsecured obligation of the Company.

Except as otherwise required by law, all payments under the Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that the Company is required to make any such deduction or withholding, it shall pay such additional amounts to the Issuer as may be necessary to ensure that the Issuer receives and retains, in the aggregate, a net payment equal to the payment which it would have received under the Proceeds Loan Agreement had no such deduction or withholding been made.

The Proceeds Loan Agreement will provide that, subject to the Intercreditor Agreement, the Company shall repay the Proceeds Loan in such amounts and on such days so as to ensure that the Issuer can make payments in respect of repayments, redemptions or repurchases of the Notes. The Company shall pay the Issuer on demand any amounts required to allow the Issuer to pay additional amounts due under the indenture governing the Notes.

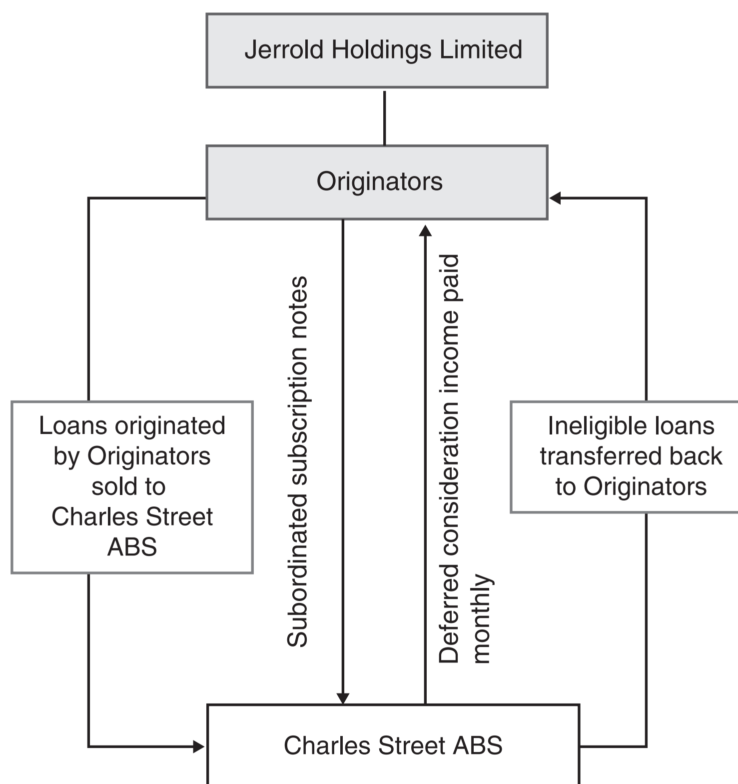
The Proceeds Loan will be assigned by way of security to the security agent for the benefit of holders of the Notes described under the caption "Description of Notes—Security—General."

The Proceeds Loan will mature on September 15, 2018 and is governed by English law.

Conduit Securitization

We entered into a series of agreements on November 12, 2007, as amended and restated on August 28, 2012, in connection with the establishment of a securitization program (the "Conduit Securitization") for certain of our mortgage loans. Pursuant to the Conduit Securitization, we sell on a random basis certain of our mortgage loans to Charles Street ABS, a bankruptcy-remote special purpose vehicle established for purposes of our Conduit Securitization, pursuant to the Mortgage Sale Agreement. We sell 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 Note Issuance Facility, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to the Borrower Group through the 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 Charles Street ABS. On a monthly basis, Charles Street ABS, pursuant to the priority of payments provided in the Cash Administration Agreement, pays or makes good discounts, interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as surplus income (approximately £4.3 million per month).

Please see the diagram below for a simplified overview of the Conduit 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 issues 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 expires on July 31, 2015, and the various agreements comprising the Conduit Securitization are governed by English law.

Amended and Restated Note Issuance Facility Agreement

The Amended and Restated Note Issuance Facility Agreement (the "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 Thames Asset Global Securitization 1, Inc., an affiliate of The Royal Bank of Scotland plc, National Australia Bank Limited, Lloyds TSB Bank plc and its affiliates and The Royal Bank of Scotland Plc (the "Note Purchasers"). Subject to the terms of the Note Issuance Facility, which expires on July 31, 2015, the Note Purchasers have agreed to make available to Charles Street ABS a revolving discounted note purchase facility to finance the acquisition by Charles Street ABS of certain of our mortgage loans. Total commitments under the Note Issuance Facility were originally £395.5 million. Total commitments decrease by £4.5 million each quarter until July 2014, at which point the Note Issuance Facility will begin to fully amortize by the level of cash receipts received and no additional loans can be sold to Charles Street ABS by the Originators under the Mortgage Sale Agreement. As of June 30, 2013, total commitments under the Note Issuance Facility were £382.0 million and £382.0 million in notes were outstanding under the Note Issuance Facility.

Pursuant to the terms of the Note Issuance Facility, Charles Street ABS intends to issue notes to the Note Purchasers and the Note Purchasers agree to subscribe to such notes, provided that, upon such subscription, the aggregate subscription price of the notes outstanding does not exceed the lesser of a borrowing base and their total commitments. The Note Purchasers are required to subscribe to any note issuances on a *pro rata* basis subject to the limits of their respective 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 Subordinated Note Subscription Agreement equal to or greater than a required subordinated subscription note level. The notes mature monthly and are issued at a discount representing a return to the Note Purchasers equal to an amount not less than the aggregate of a base cost, depending on the lender, and an applicable margin of 400 or 600 basis points, depending on certain factors, including how Note Purchasers fund their purchases of notes issued under the Note Issuance Facility. In the period from the amendment and restatement of the Conduit Facility in August 2012 to June 30, 2013, the margin has been 400 bps. Maturing notes can be redeemed with cash at their face amounts or with a new note. If Charles

Street ABS chooses to redeem a maturing note with a new note, Charles Street ABS must pay the difference between the face amounts of the maturing note and the new note if the maturing note has a greater face amount.

Pursuant to the terms of the 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 Mortgage Sale Agreement and other purposes in connection with the Conduit 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 Conduit Securitization, including 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 weighted average LTV of certain kinds of loans, geographical distribution, principal balances, interest rates and lengths of delinquency.

The Note Issuance Facility contains standard representations and warranties, covenants, defaults, indemnities and other provisions that are customary for facilities of this nature. Under the Note Issuance Facility, events of default 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, which ratios and threshold correspond with the ratios and threshold required to be maintained by Jerrold Holdings under the Revolving Credit Facility. For additional information, see "—Revolving Credit Facility—Covenant, Representations, Warranties and Undertakings."

Under the Note Issuance Facility, the rights of parties to pursue legal action against Charles Street ABS or the 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 Note Purchasers, entirely waived.

Subordinated Note Subscription Agreement

The Subordinated Note Subscription Agreement is an agreement entered into among, among others, Charles Street ABS and the Originators as subordinated noteholders (the "Subordinated Noteholders"). Under the terms of the 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 Mortgage Sale Agreement as described below and to meet its obligations under the Note Issuance Facility as described above. As of June 30, 2013, £139.5 million in subordinated subscription notes was outstanding under the 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 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 payment date. The subordinated subscription notes may be repaid on any monthly payment date, so long as such payments are in compliance with the payment priorities set out in the Cash Administration Agreement, as described below. As the 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 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 Mortgage Sale Agreement

The Amended and Restated Mortgage Sale Agreement (the "Mortgage Sale Agreement") is an agreement entered into among, among others, the Originators and Charles Street ABS. Under the terms of the 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, 2013, mortgage loans owned by Charles Street ABS totaled £499.2 million.

Under the 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 Charles Street ABS. On a monthly basis Charles Street ABS, pursuant to the priority of payments provided in the Cash Administration

Agreement, pays or makes good discounts, 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 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) the loans must meet the borrowing base mortgage pool covenants under the Revolving Credit Facility, among other requirements. 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 £1.25 million may not in aggregate represent more than 5% of the loans held by Charles Street ABS. Of loans underwritten since establishing the Conduit Securitization in 2007, approximately 90% were eligible at origination for purchase under the Mortgage Sale Agreement. In the event that a loan ceases to be eligible for the Conduit 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 Subordinated Note Subscription Agreement. In the year ended June 30, 2013, £27.6 million in loans, equal to 5.5% of the mortgage loans owned by Charles Street ABS as of June 30, 2013, 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, 2013 was 62.5%. Since January 1, 2010, the average annual losses on loans transferred back to the Originators have amounted to approximately £392.3 thousand.

The table below provides information on the loans transferred back to the Borrower Group for the years ended December 31, 2010, 2011 and 2012 and the 12 months ended June 30, 2013.

	For the year ended December 31,			For the 12 months ended June 30,
	2010	2011	2012	2013
	(in £ millions, except percentages)			
Amount	77.9	47.8	25.5	27.6
Percentage of loans held by Charles Street ABS at period end	16.1%	12.0%	5.0%	5.5%
Weighted average indexed LTV(1)	67.5%	65.9%	66.6%	62.5%
Current status				
Redeemed by borrower	41.8	21.0	9.1	7.3
Performing loans	25.4	20.0	10.8	9.8
Non-performing arrears loans	8.5	5.2	4.0	9.0
Repossession and LPA Sales	2.3	1.6	1.6	1.5
Provisions	1.0	0.2	0.1	0.0

(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, 2013.

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 Mortgage Sale Agreement, and Charles Street ABS obtains consent from all of the 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 under the Mortgage Sale Agreement are the events of default provided in the Note Issuance Facility, which are described above.

Under the 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 "Cash Administration Agreement") is an agreement entered into among, among others, the Note Purchasers, Jerrold Holdings Limited as the cash administrator (the "Cash Administrator") and the Originators. Pursuant to the terms of the Cash Administration Agreement, amounts collected from the Originators from servicing the loans owned by Charles Street ABS are allocated to the parties to the Cash Administration Agreement by the Cash Administrator.

Pursuant to the Cash Administration Agreement, the Cash Administrator makes determinations on a monthly basis of the amounts received in connection with the Conduit Securitization as well as compliance by relevant parties to certain of the covenants, financial ratios and other requirements of the Conduit Securitization. The Cash Administrator, per its determinations, allocates funds to the parties to the Conduit 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 Conduit Securitization are allocated in the following order of priority: the security trustee and Charles Street ABS, the Note Purchasers, the Cash Administrator, the Subordinated Noteholders and the Originators. The Cash Administrator further agrees that any amount payable by Charles Street ABS or any Note Purchasers to the Cash Administrator is only payable to the extent that on the date such amount is due, Charles Street ABS or the relevant Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Cash Administration Agreement and the post-enforcement payment priorities set out in the second deed of charge, sufficient funds to pay such amount out of amounts paid to Charles Street ABS or the relevant Note Purchasers in connection with the Conduit Securitization.

Events of default under the Cash Administration Agreement are those provided in the Note Issuance Facility.

Under the Cash Administration Agreement, the rights of parties to pursue legal action against Charles Street ABS or any 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 Cash Administration Agreement, entirely waived.

Standby Servicing Agreement

The Standby Servicing Agreement dated 28 August 2012 (the "Standby Servicing Agreement") is an agreement entered into among, among others, the Company, the Issuer and the Subsidiary Guarantors (together, the "Original Servicers"), the Security Agent and Vertex Mortgage Services Limited (the "Standby Servicer").

Pursuant to the Standby Servicing Agreement, upon notification of an event of default under the Revolving Facility Agreement or any indenture for high yield senior secured debt, the Standby Servicer will ensure that it is able to assume a full servicing 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 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 notification of acceleration of the Revolving Credit Facility or any high yield senior secured debt, 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 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. After the assumption of a full servicing role, the Standby Servicing Agreement may only be terminated by the Standby Servicer if, among other things, the Security Agent consents to such termination and a substitute servicer is appointed on terms substantially the same as those contained in the Standby Servicing Agreement.

Revolving Credit Facility

We entered into a revolving credit facility on November 9, 2007, as amended and restated on August 28, 2012 (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, Lloyds TSB Bank plc, National Australia Bank Limited and The Co-operative Bank plc as lenders. The Revolving Credit Facility consists of a sterling-denominated revolving credit facility with an initial total commitment of £245.0 million expiring on its third

anniversary, August 28, 2015. The total commitments available under the Revolving Credit Facility reduce by £13.5 million quarterly until May 2014, then £13.9 million quarterly until May 2015 or until commitment levels are reduced to £95.0 million. Borrowings under the Revolving Credit Facility are available to fund general corporate purposes and working capital requirements. As of June 30, 2013, £204.5 million was drawn and outstanding under the Revolving Credit Facility. We intend to use a portion of the proceeds from the offering of the Notes to prepay all amounts owing under the Revolving Credit Facility. See "Use of Proceeds." Following such prepayment, the total commitments available under the Revolving Credit Facility will be reduced to £100.0 million with no further amortization due, of which we expect £0.0 million to be drawn and outstanding.

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, which is the 10th day in the calendar month immediately following the date on which the loan is made.

If any member of our group engages in any permitted transactions, each a "Permitted Transaction," which include issuances of capital markets instruments up to a maximum aggregate amount of £300 million, we must pay the lesser of 100% of the net proceeds received from any such permitted transactions and the aggregate of all loans then outstanding to the lenders as prepayment. Immediately following any such prepayment, the total commitments of the lenders under the Revolving Credit Facility will be reduced, and the commitment for each individual lender will be ratably reduced by a minimum of 60% of the net proceeds received from the permitted transactions, subject to minimum commitment levels set out in the Revolving Credit Facility.

Additionally, if there (i) is a change of control, (ii) a listing of the capital stock of any member of the group on an investment exchange or any other sale or issue of such member's capital stock by way of flotation or public offering or (iii) the Moser Family Trust or another trust of the Moser Family, under certain conditions, is terminated, 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, a margin of 4% per annum and certain mandatory costs.

Guarantees and Security

The Revolving Credit Facility is irrevocably and unconditionally jointly and severally guaranteed by each the 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, but which may be adjusted upon the conclusion of certain permitted transactions, which are:

- senior interest cover (calculated as the ratio of EBITDA, less permitted securitization finance charges, to senior finance charges in respect of the prior six-month period) in respect of either period specified below shall not be less than the corresponding ratio set opposite the specified period:

until January 31, 2013:	2.0:1
thereafter:	2.5:1

- total interest cover (calculated as the ratio of EBITDA to total finance charges in respect of the prior six-month period) in respect of either period specified below shall not be less than the corresponding ratio set opposite the specified period:

until January 31, 2013:	1.5:1
thereafter:	1.6:1

- 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 Jerrold Holdings, including any loan notes and preference shares, any credit

balance on the consolidated profit and loss account of Jerrold Holdings and the aggregate amount of the consolidated reserves of Jerrold Holdings) in respect of any period specified below shall not be less than the corresponding amount set opposite the specified period:

until the first anniversary of the Revolving Credit Facility	£260,000,000
until the second anniversary of the Revolving Credit Facility	£280,000,000
until the third anniversary of the Revolving Credit Facility	£300,000,000

Notwithstanding the above, provided that the aggregate amount raised pursuant to any Permitted Transactions exceeds £150,000,000, the senior interest cover and the total interest cover from the date of receipt of the net proceeds in respect of such Permitted Transactions shall not be less than 1.75:1 and 1.4:1, respectively.

The Revolving Credit Facility also contains covenants relating to our borrowing base mortgage pool that restrict the mix and quality of the loans within the borrowing base, including that on each date on which a collateral report is provided: a) the weighted origination LTV is less than or equal to 80%; b) no more than 30% of the total eligible principal balance (being at any time, the aggregate of (i) in respect of non-defaulted and non-development loans, the principal balance of each eligible mortgage loan, as defined in the Revolving Credit Facility, plus (ii) in respect of defaulted and development loans, the lower of (A) the principal balance and (B) the valuation of the associated property, the "Total Eligible Principal Balance") is secured on properties which had an LTV in excess of 75% at the time of origination; c) no more than 50% of the Total Eligible Principal Balance is secured on properties each with a valuation in excess of £500 thousand; d) no more than 25% of the Total Eligible Principal Balance is secured on properties in any one geographical region other than the northwest of England; e) no more than 45% of the Total Eligible Principal Balance is secured on properties in the northwest; f) no more than 67.5% of the Total Eligible Principal Balance in secured on properties in three or fewer geographical regions; g) the average principal balance of an eligible mortgage loan, does not exceed £75 thousand; h) no more than 25% of the Total Eligible Principal Balance is in relation to bridging loans; i) no more than 25% of the Total Eligible Principal Balance is secured on development property; j) no more than 25% of the Total Eligible Principal Balance is secured on commercial property; k) no more than 25% of the Total Eligible Principal Balance is secured on interest-only loans with a term greater than 24 months; and l) the cumulative net principal losses suffered in respect of all written-off loans during any 12-month rolling period does not exceed 5% of the average aggregate principal balance of all mortgage loans during the corresponding 12-month period.

Once the aggregate of the advances attributable to the new mortgage loans forming part of the borrowing base exceeds an amount equal to £20 million, we must ensure that in relation to the new mortgage loans, on certain dates: a) no more than 10% of the Total Eligible Principal Balance is secured on properties which had an original LTV in excess of 75% at the time of origination; b) the original weighted LTV is less than or equal to 65%; c) no more than 15% of the Total Eligible Principal Balance is comprised of eligible mortgage loans to mortgagors who fulfil certain criteria; d) no more than 5% of the Total Eligible Principal Balance is secured on development property; e) no more than 25% of the Total Eligible Principal Balance is secured on commercial property; f) the aggregate principal balance of all arrears loans, qualifying mortgage loans and defaulted mortgage loans is not more than 18% of the aggregate principal balance of all mortgage loans; g) the Total Eligible Principal Balance of all qualifying mortgage loans and defaulted mortgage loans is not more than 12% of the Total Eligible Principal Balance of all new mortgage loans; and the cumulative net principal losses suffered in respect of all written-off loans during any 12-month rolling period may not exceed 2.5% of the average aggregate principal balance of all mortgage loans during the corresponding 12-month period, tested on a monthly basis.

In addition, pursuant to the covenants in the Revolving Credit Facility, we submit our total loan asset data to an external auditor appointed by the agent of the lenders at the end of each half of our financial year. See "Business—Risk Management—Third Line of Defense."

The amount able to be drawn under the Revolving Credit Facility is based on the lower of the available facility and a borrowing base, with the latter being determined by the type and performance of loan assets held by the Borrower Group.

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.

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 other documents related to our Existing Financing. 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 Existing Financing;
- failure to satisfy financial, borrowing base mortgage pool 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;
- expropriation, nationalization, seizure, attachment or similar with regard to the business or assets of the group;
- 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 documents related to the Existing Financing;
- expropriation;
- repudiation and rescission of certain agreements, including those related to the Existing Financing;
- any security interest becomes unenforceable;
- cessation of business;
- any document related to the Existing Financing becomes unenforceable;
- failure of any party (other than a secured party) to comply with its obligations under the Intercreditor Agreement;
- audit qualification; and
- material adverse effect.

Governing law

The Revolving Credit Facility is governed by English law.

Subordinated Shareholder Loan Notes

We have issued £60.0 million in subordinated loan notes, the Subordinated Shareholder Loan Notes, which were subscribed to by our shareholders. The Subordinated Shareholder Loan Notes are comprised of £20.0 million Series A secured loan notes due 2021 (issued on September 15, 2006), £20.0 million Series B secured loan notes due 2021 (issued on January 16, 2007), £8.0 million Series C secured loan notes due 2021 and £12.0 million Series D secured loan notes due 2021 (issued on November 8, 2007). The Series B, C and D secured loan notes rank *pari passu* among themselves and senior to the Series A secured loan notes. The Subordinated Shareholder Loan Notes are subject to the terms of the Intercreditor Agreement.

Interest

The Subordinated Shareholder Loan Notes bear interest at a rate of 3.0% above the base rate of The Governor and Company of the Bank of Scotland per annum. The payment of interest is subject to the financial covenants in the Revolving Credit Facility. If the payment of accrued interest would cause Jerrold Holdings Limited to be in breach of the financial covenants in the Revolving Credit Facility, payment of interest is satisfied by the issue of payment-in-kind subordinated loan notes ("PIK Subordinated Shareholder Loan Notes"). Any PIK Subordinated Shareholder Loan Notes that are issued will bear interest at a rate of 1% above the base rate of The Governor and Company of the Bank of Scotland per annum and will be subject to the terms of the Intercreditor Agreement. Similar to the payment of interest on the Subordinated Shareholder Loan Notes, if the payment of accrued

interest on the PIK Subordinated Shareholder Loan Notes would cause Jerrold Holdings Limited to be in breach of the financial covenants in the Revolving Credit Facility, payment of interest on PIK Subordinated Shareholder Loan Notes is satisfied by the issue of additional PIK Subordinated Shareholder Loan Notes, on a basis of £1 of PIK Subordinated Shareholder Loan Notes for each £1 of interest due. Since the issuance of the Subordinated Shareholder Loan Notes, we have not issued any PIK Subordinated Shareholder loans.

Repayment and Prepayment

Outstanding Subordinated Shareholder Loan Notes, plus any accrued but unpaid interest, will be repaid in full on September 15, 2016; however, holders of our outstanding Subordinated Shareholder Loan Notes have agreed to extend maturity to September 15, 2021 upon the closing of the offering of the Notes. Subject to the intercreditor agreement, repayment of the Subordinated Shareholder Loan Notes may be accelerated at the option of 75% of the holders of the Subordinated Shareholder Loan Notes (who must include Henry Moser in the case of the A, B and C Subordinated Shareholder Loan Notes if he is a holder at that time) on the occurrence of an event of default, which includes:

- Jerrold Holdings Limited failing to pay any principal or interest due, after the expiry of grace periods;
- any cross-default where any of the Subordinated Shareholder Loan Notes or other indebtedness of the group becomes repayable before its due date by reason of a default;
- insolvency events; and
- Jerrold Holdings Limited or any member of our group suspending payment of its debts generally or ceasing to carry on its business.

Transfers

Subordinated Shareholder Loan Notes may be transferred only to persons to whom shares in the capital of Jerrold Holdings Limited could be transferred under the articles of association of Jerrold Holdings Limited as adopted on the date of the relevant loan note instrument.

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer, the Guarantors, the lenders under the Revolving Credit Facility, The Royal Bank of Scotland plc as security agent for the Conduit Securitization, the Revolving Credit Facility and the Notes (the "Security Agent") and the Trustee, among others, entered into an intercreditor agreement on November 9, 2007, as amended and restated on August 28, 2012 (the "Intercreditor Agreement") to govern the relationships and relative priorities among: (i) the lenders to the Revolving Credit Facility; (ii) the holders of high yield senior secured notes that we may issue, including the Notes, and those party to any indentures or other documents governing such high yield senior secured notes; (iii) the lenders under our overdraft arrangements; (iv) the hedge counterparties to our hedging arrangements; and (v) the creditors of our subordinated debt, including the Subordinated Shareholder Loan Notes, certain investor debt and intragroup debt. The lenders, holders and hedge counterparties referred to in (i) to (iv) above being the "Priority Creditors."

General

By accepting a Note, the holder thereof will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement that relate to the rights and obligations of the holders of the Notes and the other creditors party thereto. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to all classes of debt. As such, you are urged to read the document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and certain other creditors. In this discussion, capitalized terms have the meaning given to them in the Intercreditor Agreement unless the contrary is otherwise stated or the context otherwise requires.

Ranking and Priority

The Intercreditor Agreement provides that our liabilities under our indebtedness shall rank in right and priority of payment in the following order:

- first, liabilities under and in respect of (i) the Revolving Credit Facility (the "RCF Liabilities"); (ii) our high yield senior secured notes (including the Notes) (the "HY Liabilities"); (iii) certain overdraft arrangements; and (iv) certain hedging arrangements, *pari passu* without any preference among them (collectively the "Priority Liabilities"); and

- second, all other debt, including the Subordinated Shareholder Loan Notes, investor debt from our investors, Equistone and Standard Life Investments (including, in each case, their subsidiaries and affiliates) and intragroup debt, including the Proceeds Loan (collectively, "Subordinated Debt"), is subordinated in right and priority of payment.

Of our Subordinated Debt, the Intercreditor Agreement provides that the Subordinated Shareholder Loan Notes rank prior to investor debt.

Except as otherwise provided by the Intercreditor Agreement, all primary obligations, all guarantees and all security created pursuant to any Revolving Credit Facility document, high yield senior secured finance document, hedging document and overdraft document (together, the "Secured Documents") will:

- rank as security for the Revolving Credit Facility, any high yield senior secured debt, any overdraft debt and any hedging debt *pari passu* among themselves, irrespective of the order of execution, creation, registration, notice, enforcement or otherwise; and
- secure the Revolving Credit Facility debt, any high yield senior secured debt, any overdraft debt and any hedging debt *pari passu* among themselves, irrespective of:
  - the date on which the Revolving Credit Facility debt, high yield senior secured debt, the overdraft debt or hedging debt arose;
  - whether a senior finance party, overdraft lender or hedging bank is obliged to advance any Revolving Credit Facility debt, high yield senior secured debt, any overdraft debt or pay any hedging debt; or
  - any fluctuation in the amount, or any intermediate discharge in whole or in part, of any Revolving Credit Facility debt, high yield senior secured debt, overdraft debt or hedging debt.

The Subordinated Debt is and will remain unguaranteed and unsecured other than, in respect of the Subordinated Shareholder Loan Notes, by the security securing those loans.

Permitted Payments

The Intercreditor Agreement provides that the members of our group, as applicable, may make payments in relation to the Revolving Credit Facility and any high yield senior secured debt, including the Notes, in accordance with their respective governing documents and to the standby servicer under the agreement governing its role.

Members of our group may make payments in respect of our overdraft arrangements, as agreed under the governing documents of our overdraft arrangements, so long as certain defaults have not occurred and not otherwise prohibited by the Intercreditor Agreement.

Members of our group may make payments in respect of our hedging arrangements, as agreed under the governing documents of our hedging arrangements, so long as certain defaults have not occurred and not otherwise prohibited by the Intercreditor Agreement.

Members of our group may make interest payments in respect of the Subordinated Shareholder Loan Notes, as agreed under the governing documents of the Subordinated Shareholder Loan Notes, so long as certain defaults have not occurred and not otherwise prohibited by the Intercreditor Agreement. Members of our group may not repay, partially repay or redeem the principal amounts in respect of the Subordinated Shareholder Loan Notes until the later occurrence of (i) the Security Agent's satisfaction that all debt incurred under the Revolving Credit Facility and the overdraft and hedging arrangements has been fully and irrevocably repaid or discharged and all commitments to certain parties in respect of the Revolving Credit Facility and the overdraft arrangements have expired or been cancelled and (ii) the satisfaction of the trustee under any indentures governing any high yield senior secured debt, including the indenture governing the Notes offered hereby, that all high yield senior secured debt has been fully and irrevocably paid or discharged and all commitments of certain parties with respect to the documents governing such high yield senior secured debt have expired or been cancelled (either being the "Senior Discharge Date") and subject to certain restrictions.

Until the Senior Discharge Date and subject to certain restrictions, members of our group may make certain payments in respect of our investor debt, as agreed under the governing documents of our investor debt, so long as certain defaults have not occurred and not otherwise prohibited by the Intercreditor Agreement.

Until the Senior Discharge Date and subject to certain restrictions, members of our group may make certain payments in respect of our intragroup debt, in accordance with the terms of the Revolving Credit Facility and any indenture governing any high yield senior secured debt, so long as certain defaults have not occurred and not otherwise prohibited by the Intercreditor Agreement.

Hedging

Pursuant to the Intercreditor Agreement, persons entering into any hedging transaction with any obligor will be entitled to share in the Security created by the Senior Security Document provided that they are either Original Hedging Banks listed in the Intercreditor Agreement or that the Security Agent has agreed in writing to that person becoming a Hedging Bank. The Hedging Bank will accede to the Intercreditor Agreement once the Security Agent executes the duly completed and signed Accession Deed. The proposed Hedging Document must comply with the terms of the Hedging Strategy Letter, entered into on the Effective Date of the Intercreditor Agreement. No Obligor may enter into a Hedging Document unless the Hedging Bank has acceded to the Intercreditor Agreement first. A Hedging Bank may not assign or transfer its rights under Hedging Documents.

Non-security Enforcement

No creditor of overdraft debt or Subordinated Debt may take any enforcement action until the Senior Discharge Date, unless required or consented to by the Security Agent.

With respect to hedging debt, each hedging bank will, upon being so instructed by the Security Agent, designate an early termination date under the relevant hedging document, or terminate, or close out any transaction under, the relevant hedging document, prior to its stated maturity, or demand payment of any amount which would become payable on or following an early termination date or any such termination or close-out, if any of the following has occurred: (i) failure to pay or deliver under the relevant hedging document (subject to applicable grace periods); (ii) illegality, tax event, tax event upon merger or force majeure event; (iii) acceleration of the Revolving Credit Facility or any high yield senior secured debt (or declaration that the high yield senior secured debt is prematurely due and payable) or the enforcement of any security; (iv) occurrence of an insolvency event in relation to any obligor that is a hedging counterparty; and (v) if any hedging under a hedging document becomes speculative (other than simply as a result of the Revolving Credit Facility being repaid or prepaid in accordance with its terms).

Security Enforcement

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the security interests of the secured parties under the Revolving Credit Facility, any high yield senior secured debt, the overdraft arrangements and the hedging arrangements once the security has become enforceable unless the Security Agent receives proposed enforcement instructions to act otherwise that are in accordance with the security enforcement principles provided in the Intercreditor Agreement.

Enforcement instructions may be delivered to the Security Agent by either of (i) the lenders representing in aggregate more than 66⅔% of the outstanding loans or, if no loans outstanding, of the total commitments under the Revolving Credit Facility (the "Majority Senior Facility Lenders") or (ii) the trustee under the indenture governing the Notes on behalf of the noteholders (and any other trustee under any other indenture governing any other high yield senior secured notes issued after the Issue Date, acting on behalf of the holders of such notes, provided that the trustee under the indenture governing such high yield senior secured notes has acceded to the Intercreditor Agreement) who hold at least 50% of the principal amount of the high yield senior secured notes under the relevant indenture (or such other percentage as indicated in that indenture) (the "High Yield Senior Secured Required Holders"). If the Majority Senior Facility Lenders or the High Yield Senior Secured Required Holders wish to instruct the Security Agent to commence enforcement of any transaction security, the agent to the senior lenders (the "Senior Agent") or the trustee under the relevant indenture (the "HY Trustee") (each a "Creditor Representative"), as the case may be, shall deliver a copy of the proposed enforcement instructions to the Security Agent and each other Creditor Representative at least five business days prior to the proposed enforcement instruction date.

Following delivery of proposed enforcement instructions, the Creditor Representatives will consult with each other in good faith as to the manner of enforcement for a period of 10 business days unless: (i) the Majority Senior Facility Lenders and the High Yield Senior Secured Required Holders otherwise agree; (ii) there is an absence of conflicting enforcement instructions; (iii) an insolvency event has occurred; or (iv) the Creditor

Representative who delivered the proposed enforcement instructions reasonably believes that no consultation period or, as the case may be, a shorter consultation period is necessary in order to avoid materially impairing the ability to effect the proposed enforcement or the value which would be realized on enforcement (such consultation period being the "Initial Consultation Period").

After the Initial Consultation Period:

- if the instructions delivered to the Security Agent are in accordance with the security enforcement principles and if the Security Agent has not received conflicting instructions from any other Creditor Representative, the Security Agent will act on the instructions and any further instructions as to enforcement, given by that Creditor Representative provided that any such further instructions given by that Creditor Representative are consistent with the initial instructions and the security enforcement principles.
- If the instructions given by any Creditor Representative conflict with the instructions given by any other Creditor Representative, but both sets of instructions are in accordance with the security enforcement principles, the Security Agent will, subject to certain exceptions, act on the instructions given by Priority Creditors which represent more than 50% of the total Priority Liabilities (the "Majority Priority Creditors").
- If under the first bullet point above, the Security Agent is required to act on the instructions of the High Yield Senior Secured Required Holders or under the second bullet point above the High Yield Senior Secured Required Holders make up a majority of the Majority Priority Creditors and either (i) enforcement has not commenced within 6 months of the date of the proposed enforcement instructions; or (ii) the RCF Liabilities have not been irrevocably discharged and repaid in full within 6 months of the date of the proposed enforcement instructions, then if required by the Senior Agent, the Security Agent may, upon receipt of a written notice from the Senior Agent, act on the enforcement instructions of the Majority Senior Facility Lenders provided that such instructions are consistent with the security enforcement principles.
- If under the first bullet point above, the Security Agent is required to act on the instructions of the Majority Senior Facility Lenders or under the second bullet point above the Majority Senior Facility Lenders make up a majority of the Majority Priority Creditors and either (i) enforcement has not commenced within 6 months of the date of the proposed enforcement instructions; or (ii) the HY Liabilities have not been irrevocably discharged and repaid in full within 6 months of the date of the proposed enforcement instructions, then if required by the HY Trustee, the Security Agent may, upon receipt of a written notice from the HY Trustee, act on the enforcement instructions of the High Yield Senior Secured Required Holders provided that such instructions are consistent with the security enforcement principles.

If the senior lenders or noteholders (acting reasonably) consider that the Security Agent is enforcing the security in a manner which is not consistent with the security enforcement principles the Creditor Representative for such lenders or noteholders will notify the other Creditor Representatives and they shall consult with the Security Agent for a period of 30 days (or such lesser period as such Creditor Representative may agree) with a view to agreeing the manner of enforcement, provided that the Creditor Representatives are not obliged to consult in this circumstance more than once in relation to each enforcement.

Turnover

Until the Senior Discharge Date, if any party (subject, in the case of a High Yield Senior Secured Notes Trustee, to actual knowledge), received or recovers any Recovery except for any Permitted Payment that Party shall: (i) within three Business Days of the receipt or recovery, notify details of that receipt or recovery to the Security Agent; (ii) hold any such Recovery received by it, up to the aggregate of all amounts which may be or become payable as Secured Debt, on trust for the Security Agent for application in accordance with the order of application; and (iii) pay an amount equal to any such Recovery (or, where the receipt or recovery is by way of discharge by set-off, an equivalent amount), up to the aggregate of all amount which may be or become payable as Secured Debt, to the Security Agent for application in accordance with the order of application.

Application of Amounts Recovered

Subject to the rights of creditors mandatorily preferred by law applying to companies generally, proceeds of enforcement, all recoveries by the Security Agent or all other amounts paid to the Security Agent pursuant to the Intercreditor Agreement shall be applied in the following order of application:

- first, in or towards payment of:
  - any unpaid fees, costs, expenses and liabilities (including any interest thereon as provided in the documents governing security) incurred by or on behalf of the Security Agent (or any adviser, receiver,

delegate, attorney or agent) and the remuneration of the Security Agent (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions under the documents governing the security in connection with the Secured Documents; and

- any unpaid fees, costs, expenses and liabilities (including any interest thereon as provided in the documents governing any high yield senior secured debt) incurred by or on behalf of the trustee under any indenture governing any high yield senior secured debt (or any adviser, receiver, delegate, attorney or agent) and the remuneration of such trustee (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions under the documents governing such high yield senior secured debt or the Intercreditor Agreement (together with VAT on all such amounts); and

- any unpaid fees, costs, expenses and liabilities (including any interest thereon as provided in the documents governing any arrangement with any standby servicer) properly incurred by or on behalf of any standby servicer (or any adviser, receiver, delegate, attorney or agent) appointed prior to the issue of any high yield senior secured debt and the remuneration of such standby servicer (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions under the agreement governing any arrangement with such standby servicer,

  the above-listed amounts being on a *pari passu* basis as between themselves;

- second, in or towards payment to the Security Agent for application towards any unpaid costs and expenses incurred by or on behalf of any secured party in connection with such enforcement, recovery or other payment, *pari passu* as between themselves;

- third, in or towards payment to the Security Agent for application towards the balance of debt under the Revolving Credit Facility, any high yield senior secured debt, overdraft debt and hedging debt, in accordance with their respective governing documents, *pari passu* as between themselves; and

- fourth, after the Senior Discharge Date, in payment of the surplus (if any) to the relevant person entitled to it.

Loss Sharing

Prior to a Senior Acceleration Date, and subject to certain exceptions, if a Secured Party makes a recovery in respect of any amounts owned by any obligor other than in accordance with the Order of application and applies that amount to a payment due under the Secured Documents to which it is a party then: (i) the recovering secured party shall, within three business days, notify details of the recovery to the agents; (ii) the Security Agent shall determine whether the recovery is in excess of the amount of the recovering creditor would have been paid had the recovery been made by the security agent and distributed in accordance with the order of application, without taking account of any tax which would be imposed on any agent in relation to the recovery; and (iii) the recovering secured party shall, within three business days of demand by the Security Agent, pay to the Security Agent an amount equal to such recovery less any amount which the security agent determines may be retained by the recovering secured party as its share of any payment to be made in accordance with the order of application.

Release of Security and Guarantees

If, pursuant to or for the purpose of: (i) an enforcement action taken or to be taken by the Security Agent in accordance with the Intercreditor Agreement, or (ii) any disposal permitted under the Secured Documents, the Security Agent requires any release of any guarantee or security granted by any member of the group, each party shall promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require.

The Intercreditor Agreement provides that if, in connection with any enforcement action or any disposal permitted under the Secured Documents, either the Security Agent (or any receiver) sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset under any document governing that security or a member of the group sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset at the request of the Security Agent, the Security Agent is irrevocably authorized on behalf the parties to the Intercreditor Agreement to:

- release the security created pursuant to the documents governing the security over the relevant asset;
- apply the net cash proceeds of sale or disposal in or towards payment of debt in accordance with the order of application; or

- if the relevant asset comprises all of the shares in the capital of a member of the group, in its capacity as a borrower or guarantor, release such member of the group (and any of its subsidiaries that are also a borrower or guarantor) from all its past, present and future liabilities and/or obligations (both actual and contingent) as a guarantor of the whole or any part of the debt and require the transfer of any relevant debt due, owing or incurred by that member to one or more other members of our group.

Amendments

Until the Senior Discharge Date, no amendments are permitted under the documents governing the overdraft or hedging arrangements, the Subordinated Shareholder Loan Notes or the investor debt unless permitted under the Intercreditor Agreement.

Governing Law

The Intercreditor Agreement is governed by English law.

Investor Preferred Shares

Certain of our capitalization is funded by A preferred shares. For further information on our preferred shares, see "Shareholders."

Description of Notes

Jerrold FinCo plc (the "*Issuer*") will issue £200.0 million aggregate principal amount of 9¾% Senior Secured Notes due 2018 (the "*Notes*") under an indenture to be dated as of September 27, 2013 (the "*Indenture*") between, among others, the Issuer, Jerrold Holdings Limited (the "*Company*") and Deutsche Trustee Company Limited, as the 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 that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to discharge a portion of amounts owing under its existing credit facilities and for general corporate purposes (and to pay expenses of 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 Intercreditor Agreement and the Security Documents. This does not restate those agreements in their entirety. You should read the Indenture, the Notes, the Intercreditor Agreement and the Security Documents 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 and the Intercreditor 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 "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 and the Note Guarantees

The Notes

The Notes:

- will be general obligations of the Issuer;
- will, together with the obligations under the Revolving Credit Facility and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- 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, including Indebtedness incurred under the Revolving Credit Facility and certain Hedging Obligations;
- 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, if any;
- will rank senior in right of payment to the Existing Loan Note Debt and any Subordinated Second Lien Debt;
- will be guaranteed by the Guarantors;
- will be effectively subordinated to any existing and future Indebtedness that is secured by property or assets that do not secure the Notes, including the Existing Qualified Securitization Financing;
- will be effectively senior to all existing and future obligations of the Issuer that are unsecured or secured by liens junior to the Liens securing the Notes to the extent to the value of the Collateral, including the Subordinated Shareholder Loan Notes, which are secured on a junior basis over the assets securing the Notes;
- will be effectively subordinated to all of the Company's Subsidiaries that are not Guarantors and all existing and future qualified securitization financings, including the Conduit Securitization; and
- will be structurally subordinated to all obligations of the Company's Subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will initially be guaranteed by Jerrold Holdings Limited, Blemain Finance Limited, Briar Hill Court Limited, Cheshire Mortgage Corporation Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Heywood Finance Limited, Heywood Leasing Limited, Jerrold Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Monarch Recoveries Limited, North Western Properties & Developments Limited, Privileged Estates Limited, Privileged Properties (Northern) Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Proactive Bridging Limited, Bridging Finance Limited, Phone-A-Loan Limited, Bridgingfinance.Co.Uk Limited, Auction Finance Limited, Finance Your Property Limited, Manchester Property Investments Limited and Provincial & Northern Properties Limited. The Note Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will, together with the obligations under the Revolving Credit Facility and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- will rank *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Note Guarantee, including its obligations under the Revolving Credit Facility and certain Hedging Obligations;
- will rank senior in right of payment to all future Indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee, if any;
- will rank effectively senior to all existing and future obligations of such Guarantor that are unsecured or secured by Liens junior to the Liens securing the Guarantees to the extent of the value of the Collateral;
- will be structurally subordinated to all existing and future Indebtedness of any Guarantor's subsidiaries that do not Guarantee the Notes; and
- will be effectively subordinated to all existing and future Qualified Securitization Financings.

All of the Company's subsidiaries other than the Issuer will guarantee the Notes. Charles Street Conduit Asset Backed Securitization 1 Limited ("*CABS*") will not guarantee the Notes. As of and for the year ended June 30, 2013, the Issuer and the Guarantors together represented 100% of our Consolidated EBITDA and owned 100% of our consolidated Total Assets (excluding assets owned by CABS).

The Notes and the Note Guarantees will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries, including Indebtedness of CABS, an orphan entity which is the obligor under the Existing Qualified Securitization Financing, pursuant to the Existing Qualified Securitization Financing. Any right of the Issuer or any Guarantor to receive assets of any of the Company's non-guarantor Subsidiaries upon that non-guarantor 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 non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. CABS is a special purpose securitization orphan company used in connection with the Existing Qualified Securitization Financing and it is not a Subsidiary of the Company. Consequently, the Notes and the Note Guarantees will be effectively subordinated to the claims of the creditors of CABS in relation to the assets thereof.

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Notes.

Principal, Maturity and Interest

The Issuer will issue £200.0 million in aggregate principal amount of Notes in this offering. 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 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. The Issuer will issue Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will mature on September 15, 2018.

Interest on the Notes will accrue at the rate of 9¾% per annum. Interest on the Notes will be payable semi-annually in arrears on March 15 and September 15, commencing on March 15, 2014. 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 interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding March 1 and September 1.

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.

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 Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. 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. The Issuer will also maintain a transfer agent (the "*Transfer Agent*") in London. The initial Transfer Agent will be Deutsche Bank AG, London Branch in London. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) 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 £1,000 in excess thereof, upon receipt by the relevant 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.

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 £1,000 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) or any of the Guarantors with respect to any Note Guarantee 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 or any Guarantor (including any successor entity) is then incorporated or organized, engaged in business, 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 or any Guarantor (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 or any of the Guarantors under or with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, 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, deduction or imposition (including any such withholding, deduction or imposition 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 carrying on a business in, 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, the Indenture or under a Note Guarantee or the receipt of any payments under or in respect of such Note, the Indenture or a Note Guarantee;

(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 withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) any Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) 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;

(8) any Tax imposed on or with respect to any payment by the Issuer or the relevant Guarantor 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

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors 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, any Note Guarantee or any other document or instrument referred to therein (other than a transfer of the Notes following the initial syndication of the Notes), 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 (5) or (7) or (8) above or any combination thereof).

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee 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 or the relevant Guarantor 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 to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor 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. The Issuer or the relevant Guarantor 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 or the relevant Guarantor 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 a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. 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 or beneficial owners of the Notes.

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, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, 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, 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 or any Guarantor 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 (or any Note Guarantee) is made and any department or political subdivision thereof or therein.

Note Guarantees

The Notes will be guaranteed by each Guarantor. These Note Guarantees will be joint and several obligations of the Guarantors. Each Note Guarantee is a guarantee of the Issuer's obligations under the Notes, subject to the contractual limitations discussed below.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law as described under the caption "Risk Factors—Risk Relating to the Notes—Laws relating to preference, transactions at an undervalue, misfeasance and corporate benefit may adversely affect the validity and enforceability of payments under the senior guarantee and pledge of security of the Notes by the Company and the other Guarantors."

The obligations of each Guarantor under its Note Guarantee and the Liens it has granted to secure its Note Guarantee and the Notes will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Guarantor without resulting in its obligations under its Note Guarantee and any Liens granted on its assets being voidable or unenforceable under applicable law relating to fraudulent transfer or under similar laws affecting the rights of creditors generally, and will be limited to the maximum amount otherwise permitted by applicable law. In particular, each Note Guarantee and each Lien will be limited as required to comply with corporate benefit, maintenance of share capital and other legal restrictions applicable to the Guarantors and the respective shareholders. By virtue of these limitations, a Guarantor's obligations under its Note Guarantee and any Liens granted on its assets constituting Collateral could be significantly less than the amounts payable in respect of the Notes. See "Risk Factors—Risk Relating to the Notes—Laws relating to preference, transactions at an undervalue, misfeasance and corporate benefit may adversely affect the validity and enforceability of payments under the senior guarantee and pledge of security of the Notes by the Company and the other Guarantors."

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (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 Company or a Restricted Subsidiary, 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 Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Company)) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described below under "—Intercreditor Agreement;"

(5) 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;"

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(7) as described under the caption "—Amendment, Supplement and Waiver"; or

(8) with respect to the Note Guarantee of any Guarantor that was required to provide such Note Guarantee pursuant to the covenant described under the caption "—Certain Covenants—Additional Guarantees", 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 or Intercreditor Agreement immediately after the release of such Note Guarantee.

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Security

General

The Notes and the Note Guarantees, together with the obligations under the Revolving Credit Facility and certain Hedging Obligations, will be secured by first-priority Liens over the Collateral. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including holders of the Notes. The Notes and the Note Guarantees will be secured by first-priority fixed and floating security interests granted on an equal and ratable first-priority basis over the same assets that secure the Revolving Credit Facility. Those same assets also secure the Existing Loan Note Debt on a junior basis.

The Collateral will include first-priority fixed and floating security interests in (1) all of the issued Capital Stock in the Issuer and each Guarantor (other than the Company), (2) substantially all of the existing and future property and assets of the Issuer and the Guarantors (but excluding Securitization Assets), 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 and (3) an assignment of the Proceeds Loan. Any additional security interests that may in the future be pledged to secure obligations under the Notes, the Note Guarantees and the Indenture would also constitute Collateral.

In addition, on the Issue Date the Trustee will accede as a party to a Standby Servicing Agreement which provides for Vertex Mortgage Services Limited, as the standby servicer, to provide administrative and management services to the Security Agent with respect to mortgages which constitute Collateral in the event the Trustee or holders of the Notes accelerate the Notes after an Event of Default or the requisite creditors accelerate or make demand for payment amounts outstanding under the Revolving Credit Facility and subject to the terms and conditions contained in the Standby Servicing Agreement. For a discussion of the Standby Servicing Agreement, please see "Description of Certain Financing Arrangements—Standby Servicing Agreement."

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 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."

Security Documents

The Issuer and each of the Guarantors have entered into the Security Documents granting first-priority fixed and floating charges over substantially all of the property and assets of the Issuer and the Guarantors. Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Note Guarantees.

Subject to the terms of the Indenture, the Revolving Credit Facility and the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Release

The Issuer and the Guarantors will be entitled to the release of the Liens over the property and other assets constituting Collateral securing the Notes and the Note Guarantees under any one or more of the following circumstances:

(1) 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 Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Issuer designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(4) 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;"

(5) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described below under "—Intercreditor Agreement;"

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(7) as described under the caption "—Amendment, Supplement and Waiver;" or

(8) 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—Limitation on 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 and/or the Notes Guarantees to be secured on such property or assets.

The Company and its Restricted Subsidiaries may, from time to time, sell some or all of their assets forming, at the time, part of the Collateral in connection with a Qualified Securitization Financing (including the Existing Qualified Securitization Financing), in which case all Liens on such assets shall be automatically and unconditionally released without the consent of the Trustee, the Security Agent or the holders of the Notes.

Upon any occurrence giving rise to a release of a Lien, as specified above, the Security Agent shall execute any documents reasonably required in order to evidence or effect such release, discharge or termination.

Intercreditor Agreement

To establish the relative rights of certain creditors of the Issuer and Guarantors under their financing arrangements, including, without limitation, the Notes, the Revolving Credit Facility, certain Hedging

Obligations, the Existing Loan Note Debt, the Issuer, each Guarantor, the agent under the Revolving Credit Facility, the Security Agent and the Trustee have entered into, or will enter into, the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, any obligations under the Notes, the Note Guarantees, the Revolving Credit Facility and Hedging Obligations with respect to interest rate and foreign currency exchange rate hedging that are permitted to be incurred by clause (8) of the definition of Permitted Debt and are secured by the Collateral will be secured equally and ratably by, subject to Permitted Collateral Liens, a first priority interest in the Collateral. Any proceeds received upon any enforcement over any Collateral, will be applied *pro rata* in repayment of all Obligations under the Indenture, the Notes, the Revolving Credit Facility and certain Hedging Obligations and any other Indebtedness of the Issuer and the Guarantors permitted to be secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. In addition, the terms of the Intercreditor Agreement provides that any obligations under the Existing Loan Note Debt will be subject to customary payment blockage, enforcement standstill and turnover provisions and will be subordinated in right of payment to all Obligations under the Notes, the Revolving Credit Facility and certain Hedging Obligations. Please see "Description of Certain Financing Arrangements—Intercreditor Agreement."

Pursuant to the Intercreditor Agreement, each of the Issuer and the Guarantors will promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require if the Security Agent requires any release of any Note Guarantee or security over the Collateral pursuant to or for the purpose of (1) any Enforcement Action (as defined in the Intercreditor Agreement) taken or to be taken by the Security Agent in accordance with the Intercreditor Agreement or (2) any disposal permitted under the Indenture, the Revolving Credit Facility and the terms of any other secured debt. Please see "Description of Certain Financing Arrangements—Intercreditor Agreement."

The Proceeds Loan

Upon the issuance of the Notes, the Issuer, as lender, and the Company, as borrower, will enter into the Proceeds Loan under a proceeds loan agreement (the "*Proceeds Loan Agreement*") pursuant to which the Issuer will loan to the Company the proceeds from the issuance of the Notes.

The Proceeds Loan will be denominated in pounds sterling in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Proceeds Loan will bear interest at a rate at least equal to the interest rate of the Notes. Interest on the Proceeds Loan will be payable semi-annually in arrears with sufficient time in advance to permit the Issuer to make payments of interest on the Notes. The maturity date of the Proceeds Loan will be the same maturity date as the maturity date of the Notes. The Proceeds Loan will be an unsecured obligation of the Company.

Except as otherwise required by law, all payments under the Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable Tax. In the event that the Company is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The Proceeds Loan will provide that the Company will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes.

The Proceeds Loan will be assigned by way of security to the Security Agent for the benefit of holders of the Notes described under the caption "—Security."

Optional Redemption

At any time prior to September 15, 2016, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 109.750% 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 65% 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 90 days of the date of the closing of such Equity Offering.

At any time prior to September 15, 2016, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 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 September 15, 2016.

On or after September 15, 2016, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 30 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 September 15 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
2016	104.875%
2017 and thereafter	100.000%

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.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

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 30 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 or relevant Guarantor is or would be required to pay Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and the Issuer or relevant Guarantor 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 or any Guarantor), 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 or formally proposed 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, 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 or formally proposed 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 clauses (1) and (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 or relevant Guarantor 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 or relevant Guarantor 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 or relevant Guarantor 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 £1,000; *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 60 days from the date such notice is mailed or delivered, 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 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 Company 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 caption "—Optional Redemption," 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 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 Company 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 Company 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 Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (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 Company 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, any Note Guarantee and/or the Proceeds Loan), as recorded on the balance sheet of the Company or any Restricted Subsidiary (or, in relation to contingent liabilities, to the extent provisions have been taken on the balance sheet of the Company or any Restricted Subsidiary), that are assumed by the transferee of any such assets and as a result of which the Company 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 Company 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 Company 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 Guarantor (other than any Indebtedness that is expressly subordinated in right of payment to the Notes, any Note Guarantee and/or the Proceeds Loan) received from Persons who are not the Company or any Restricted Subsidiary that is subsequently cancelled; or

(f) any Designated Non-Cash Consideration received by the Company 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 £10.0 million 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 Company (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) to repay, repurchase, prepay or redeem (a) Indebtedness of the Issuer or any other Guarantor incurred pursuant to clause (1) of the second paragraph of the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock" that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee, (b) Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor or the Issuer or Indebtedness of the Company or a Restricted Subsidiary that is secured by a Lien on assets or property which do not constitute Collateral, (c) the Notes pursuant to 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 (d) 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 or any Note Guarantees, that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee;

(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 acquire (a) loans in the ordinary course of business to the extent secured on freehold, heritable or leasehold property in England, Wales, Scotland or Northern Ireland in respect of which such loan was made and (b) other assets (other than Capital Stock) not classified as current assets under GAAP 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;

provided that if the assets sold or transferred in such Asset Sale constituted Collateral, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any assets (including without limitation any acquired Capital Stock) acquired with the Net Proceeds of such Asset Sale to secure the Notes on a first-priority basis.

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 £10.0 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 Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets 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 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, the Trustee (or the Registrar, as applicable) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "Book-Entry; Delivery and Form," based on a method that most nearly approximates a *pro rata* selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar shall be liable for any selections made by it 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 30 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.

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 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

Maintenance Covenants

Maintenance of Eligible Loan Asset Pool

The Company will ensure that on December 31 and June 30 of each year no more than 32% of the total Principal Balance of all of its Non-Securitization Net Loan Assets at each such date is secured on Properties which had an Origination Loan to Value Ratio in excess of 75% (at the time of the origination by the Company or any Restricted Subsidiary).

Limitation on Eligible Loan Asset Write-offs

Subject to application of any of the Equity Cures in the manner provided under the caption "—Cure Right", the Company will ensure that on December 31 and June 30 of each year (the "*Test Dates*", and each, a "*Test Date*"), the principal losses suffered in respect of all of its Written-Off Loans during the most recently ended four fiscal quarters does not exceed 10% of the average aggregate Principal Balance of all of its Eligible Loan Assets during the most recently ended four fiscal quarters.

Cure Right

If within the period beginning a year prior to the relevant Test Date and ending 90 days after the relevant Test Date, the amount of principal losses suffered in respect of all of the Company's Written-Off Loans during the four fiscal quarters preceding the relevant Test Date, net of the proceeds from the sale or issuance (other than to a Subsidiary of the Company) of (i) Equity Interests of the Company (other than Disqualified Stock), (ii) Deeply Subordinated Shareholder Indebtedness or (iii) contribution of common equity capital to the Company (other than, with respect to each of the clauses (i), (ii) and (iii), through Excluded Contributions and to the extent such amounts are excluded from clause (c)(ii) of the first paragraph and clause (2) of the second paragraph of the covenant under the caption "—Restricted Payments") (each, when individually or collectively applied in connection with this Cure Right, an "*Equity Cure*") does not exceed 10% of the average aggregate Principal Balance of all of its Eligible Loan Assets during the four fiscal quarters preceding the relevant Test Date, then for all intents and purposes, the provisions of the Limitation on Eligible Loan Asset Write-offs covenant will have been satisfied; *provided* that no more than three Equity Cures may occur in any five year period and no more than two Equity Cures may be made in respect of consecutive Test Dates.

Restricted Payments

The Company 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 Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company'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 Company and other than dividends or distributions payable to the Company 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 Company) any Equity Interests of the Company or any Parent Holdco of the Company;

(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 or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company 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*"), unless, at the time of any such Restricted Payment:

(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 clause (1) of 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) and (12) of the next succeeding paragraph), is less than the sum, without duplication, of:

    (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements 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 Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (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 Company, in each case, that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company) or from the issuance or sale of Deeply Subordinated Shareholder Indebtedness (other than an issuance or sale to a Subsidiary of the Company); *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 Company 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 Company 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 Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company'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 Company 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 Company 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 Company) of Equity Interests of the Company (other than Disqualified Stock) or Deeply Subordinated Shareholder Indebtedness or substantially concurrent contribution of common equity capital to the Company (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 and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee 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 Company 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 £3.0 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 Company or a Restricted Subsidiary or Deeply Subordinated Shareholder Indebtedness of the Company received by the Company or a Restricted Subsidiary during such calendar year, in each case, from members of management, officers, employees, directors or consultants of the Company, any of its Restricted Subsidiaries or any Parent Holdco of the Company 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 Company 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 Company 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 Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (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 Company (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 Company 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) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of the Company or a Parent Holdco of the Company, the payment of dividends on the Capital Stock of the Company up to 6% per annum of the net cash proceeds received by the Company in any such Public Equity Offering or any subsequent Public Equity Offering of such Capital Stock, or the net cash proceeds of any such Public Equity Offering or subsequent Public Equity Offering of such Capital Stock of any Parent Holdco of the Company that are contributed in cash to the Issuer's equity (other than through the issuance of Disqualified Stock or Excluded Contributions); *provided*, that if such Public Equity Offering was of Capital Stock of a Parent Holdco of the Company, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco;

(12) 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 Financing for so long as it constitutes Qualified Securitization Financing); or

(13) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed £15.0 million since the Issue Date.

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. Unsecured Indebtedness 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 Company 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 Company 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 may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, the Issuer may incur Indebtedness (including Acquired Debt) or issue preferred stock and the Guarantors (other than the Company) may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Corporate Debt Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.25 to 1.0, in each case, 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 the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period.

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 Issuer and the Guarantors 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) 20.0% of Non-Securitization Net Loan Assets, *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 less the aggregate amount of all Net Proceeds of Asset Sales applied by the Issuer or any of its Restricted Subsidiaries since the Issue Date to repay any term Indebtedness under a Credit Facility or to repay any revolving credit Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales;"

(2) Indebtedness of the Company or any Restricted Subsidiary under the Existing Loan Note Debt and all other Indebtedness (other than Indebtedness pursuant to the Notes and the Note Guarantees, the Revolving Credit Facility and the Existing Qualified Securitization Financing) outstanding on the Issue Date after giving effect to the use of proceeds from the offering of the Notes;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes (other than Additional Notes) and the related Note Guarantees (including any future Note Guarantees);

(4) the incurrence by the Company or any Restricted Subsidiary 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 Issuer 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) the incurrence by the Company 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 the first paragraph of this covenant or clause (2), (3), (5) or (14) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

   (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, 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 Company's 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, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; 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 Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company 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 Company or a Restricted Subsidiary; and

   (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company 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 Restricted Subsidiary of Indebtedness of the Company 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 or a Note Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company 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, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Company 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 of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary 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 Restricted Subsidiary (other than Indebtedness 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 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 (a) 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 (b) the Fixed Charge Corporate Debt Coverage Ratio 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 Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts 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 Company 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 Company and its Restricted Subsidiaries in connection with such disposition;

(16) Indebtedness of the Company 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; and

(17) the incurrence of Indebtedness by the Company 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 £15 million, *provided* that aggregate principal amount of such Indebtedness that may be incurred pursuant to this clause (17) by Restricted Subsidiaries that are not Guarantors or the Issuer shall not exceed £5 million.

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 (17) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, 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, 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.

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 GAAP;

(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:

    (i) the Fair Market Value of such assets at the date of determination; and

    (ii) the amount of the Indebtedness of the other Person.

Anti-Layering

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Note Guarantee and, if applicable, the Proceeds Loan 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 or any Guarantor 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 Company 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 and the Note Guarantees 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 either the Notes or any Note Guarantee, 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.

Any such Lien thereby created in favor of the Notes or any such Note Guarantee pursuant to the preceding clause (1)(b) will be automatically and unconditionally released and discharged upon (i) the release and discharge of the initial Lien to which it relates, (ii) in the case of any such Lien in favor of any such Guarantee, upon the termination and discharge of such Guarantee in accordance with the terms of the Indenture or (iii) any sale, exchange or transfer (other than a transfer constituting a transfer of all or substantially all of the assets of the Company that is governed by the provisions of the covenant described under "—Merger and Consolidation" below) to any Person not an Affiliate of the Company of the property or assets secured by such initial Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such initial Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company 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 (a) the Company to make payments on the Proceeds Loan or (b) any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company 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 Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company 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 Company or any Restricted Subsidiary to other Indebtedness (other than the Proceeds Loan) incurred by the Company 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 comparable financings at the time of determination (as determined in good faith by the Company) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility;

(2) the Indenture, the Notes, the Note Guarantees, the Revolving Credit Facility, the Intercreditor Agreement, the Security Documents and the Existing Qualified Securitization Financing;

(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 the restrictions therein are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company);

(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 Company 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 Company) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility;

(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 (i) 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) or (ii) any Additional Intercreditor Agreement; *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those contained in comparable transactions at the time of determination (as determined in good faith by the Company) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility.

Merger, Consolidation or Sale of Assets

The Company

The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company 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 Company 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 Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) 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 Pre-Expansion 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 Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under its Note Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Proceeds Loan and the Security Documents to which the Company is a party;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), 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 (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Corporate Debt Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Corporate Debt Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Company 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 Indenture and its Note Guarantee and the Proceeds Loan each constitute legal, valid and binding obligations of the Company or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms.

Subsidiary Guarantors

A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor 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 such Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

  (a) such Guarantor is the surviving Person; or

  (b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Guarantor under its Note Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Company delivers 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 Indenture and the Note Guarantee constitute legal, valid and subsidiary obligations of the Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms.

In addition, neither the Issuer nor any Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

The Issuer

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such 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 such Issuer and its Subsidiaries that are Restricted Subsidiaries taken as a whole, 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 Pre-Expansion 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 such Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Proceeds Loan and the Security Documents to which it is a party;

(3) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), 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 (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Corporate Debt Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the Company would have a Fixed Charge Corporate Debt Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers 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 Indenture and the Notes constitute legal, valid and subsidiary obligations of the Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms.

General

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (1) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor, (2) any consolidation or merger among Guarantors (other than the Company), (3) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the Pre-Expansion 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 and clauses (2) and (5) of the third paragraph of this covenant will be complied with, and (4) any consolidation or merger of a Guarantor into the Company. Clauses (3) and (4) of the first paragraph, clause (2) of the second paragraph and clause (3) and (4) of the third paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantors with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction.

Transactions with Affiliates

The Company 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 Company (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in any single Affiliate Transaction or series of related Affiliate Transactions in excess of £2.0 million, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction on an arm's-length basis by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

  (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £5.0 million, a resolution of the Board of Directors of the Company 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 Company; and, in addition,

  (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £25.0 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, employee benefit 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 Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Issuer solely because the Company 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 Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(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), (12) and (16) of the definition thereof);

(8) the incurrence of any Deeply Subordinated Shareholder Indebtedness;

(9) 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 Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company 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; and

(12) any transaction effected as part of a Qualified Securitization Financing.

Additional Guarantees

The Company will not, and will not cause or permit any of its Restricted Subsidiaries that are not Guarantors or the Issuer to, directly or indirectly, guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

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.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary (including "whitewash" or similar procedures) or any liability for the officers, directors or shareholders of such Restricted Subsidiary; *provided* that the Company will procure that the relevant Restricted Subsidiary becomes a Guarantor 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 Company from causing such Restricted Subsidiary to become a Guarantor).

No Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, 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 Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, 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, the Security Documents and the Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries 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 Company 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 Company 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 Company (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, and 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 Company 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 Company 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, lending or otherwise advancing the proceeds thereof (including pursuant to the Proceeds Loan) 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 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 "—Limitation on 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 to the establishment and/or maintenance of the Issuer's corporate existence; (6) related to investing amounts received by the Issuer in such manner not otherwise prohibited by the Indenture; (7) involving the provision of administrative services; (8) related to any purchase agreement, and/or any other document (including the Intercreditor Agreement) entered into in connection with the issuance of the Notes or any other Indebtedness permitted under the Indenture; or (9) reasonably related to the foregoing.

Limitations on Amendments of the Proceeds Loan; Payment of Proceeds Loan

Neither the Company nor the Issuer will (1) change the Stated Maturity of the principal of, or any installment of interest on, the Proceeds Loan; (2) reduce the rate of interest on the Proceeds Loan; (3) change the currency for payment of any amount under the Proceeds Loan; (4) prepay or otherwise reduce or permit the prepayment or reduction of the Proceeds Loan (save to facilitate a corresponding payment or repurchase of principal on the Notes); (5) assign or novate the Proceeds Loan or any rights or obligations under the Proceeds Loan Agreement (other than to secure the Notes and the Note Guarantee or other permitted Collateral Lien or in connection with a transaction that is subject to the covenants described under the caption "Merger, Consolidation or Sale of Assets" and is completed in compliance therewith); or (6) amend, modify or alter the Proceeds Loan and/or Proceeds Loan Agreement in any manner adverse to the holders of the Notes in any material respect. Notwithstanding the foregoing, the Proceeds Loan may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes. The Company shall make payments under and in accordance with the Proceeds Loan and the Issuer shall accept such payments.

Collateral

The Company will, and will procure that each of its Subsidiaries will, at its own expense, use reasonable best efforts to execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (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 Company will use reasonable best efforts to, and will use reasonable best efforts to procure that each of its Subsidiaries 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 Company 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 Company 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 Company. 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. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company'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 Company 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 Company will not, and will not cause or 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.

Maintenance of Listing

Each of the Issuer and the Guarantors will use its commercially reasonable efforts to obtain the listing of the Notes 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 Global Exchange Market 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 after the end of the Company's fiscal year beginning with the fiscal year ending June 30, 2014, annual reports containing the following information and, where appropriate, with a level of detail that is substantially comparable to this Offering Memorandum: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated statements of income and cash flow of the Company for the three most recent fiscal years, 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 Company will provide, in the case of a material acquisition, acquired company financials)); (c) an operating and financial review of the audited financial statements, 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 Company, material affiliate transactions and material debt instruments; (e) loan portfolio analysis, including Origination Loan to Value Ratio and Indexed Loan to Value Ratio by banding and arrears position, of (i) all Eligible Loan Assets owned by the Company and its Restricted Subsidiaries and (ii) all loans shown on the consolidated balance sheet of the Company and its Restricted Subsidiaries; and (f) material risk factors and material recent developments;

(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, 2013, quarterly reports, containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited statements of income and cash flow for the quarterly and year to date periods

ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Issuer, together with consolidated note disclosure; (b) *pro forma* income statement and balance sheet information of the Issuer (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 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, including Origination Loan to Value Ratio and Indexed Loan to Value Ratio by banding and arrears position, of (i) all Eligible Loan Assets owned by the Company and its Restricted Subsidiaries and (ii) all loans shown on the consolidated balance sheet of the Company and its Restricted Subsidiaries; and (e) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer, Chief Financial Officer or other Managing Director at the Company or change in auditors of the Company or any other material event that 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 Guarantors or non-guarantor Subsidiaries of the Company.

In addition, if the Company 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 Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements will be prepared in accordance with GAAP. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company 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.

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 Ireland.

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 Company and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales;"

(2) "—Maintenance of Eligible Asset Pool;"

(3) "—Limitation on Eligible Loan Asset Write-offs;"

(4) "—Restricted Payments;"

(5) "—Incurrence of Indebtedness and Issuance of Preferred Stock;"

(6) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"

(7) "—Designation of Restricted and Unrestricted Subsidiaries;"

(8) "—Transactions with Affiliates;" and

(9) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets."

Such covenants will not, however, be of any effect with regard to the actions of the Company 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 classified to have been incurred or issued pursuant to clause (2) of the second paragraph of 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 an 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 or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Assets;";

(4) failure by the Company and the Restricted Subsidiaries for 90 days from the relevant dates specified under the caption "—Certain Covenants—Maintenance of Eligible Loan Asset Pool" or "—Certain Covenants—Limitation on Eligible Loan Asset Write-offs" after written notice to the Issuer and the Trustee by the holders of at least 50% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the provisions under the caption "—Certain Covenants—Maintenance of Eligible Loan Asset Pool" or "—Certain Covenants—Limitation on Eligible Loan Asset Write-offs;"

(5) failure by the Issuer or relevant Guarantor for 60 days after written notice (i) to the Issuer by the Trustee or (ii) 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, or a covenant or agreement which is specifically dealt with the preceding clauses (1), (2), (3) or (4));

(6) 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 Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company 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 £20.0 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clauses (1), (2), (3), (4) or (5) of the definition thereof;

(7) failure by the Company 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 £20.0 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;

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors, denies or disaffirms its obligations under its Note Guarantee;

(9) (i) any security interest created by any Security Document with respect to Collateral with an aggregate value exceeding £5.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement and the Security Documents) or any assertion by the Company or any of its Restricted Subsidiaries that any Collateral with an aggregate value exceeding £5.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Intercreditor Agreement and the Security Documents); or (ii) the repudiation by the Company 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

(10) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, any Guarantor or any of the Company'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, any Guarantor 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% or, in the case of clause (4) in the paragraph above, the holders of at least 50%, 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.

The Intercreditor Agreement provides for a consultation with the creditors under the Revolving Credit Facility prior to the Trustee or the holders of Notes being permitted to take certain enforcement actions. See "—Description of Certain Financing Arrangements—Intercreditor Agreement."

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 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 under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Company 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 or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture and the Note Guarantees 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 and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*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 and the Guarantors' 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 and the Guarantors 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, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or 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 or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors 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 two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents 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 Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor 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 principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or 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 any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) 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, the Indenture and the Intercreditor Agreement; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor 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;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor'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, the Note Guarantees 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, the Note Guarantees or the Notes;

(6) to release any Note Guarantee in accordance with the terms of the Indenture;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(9) to enter into additional or supplemental Security Documents;

(10) to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to the extent permitted hereunder or thereunder; or

(11) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or 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 shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Additional or Amended Intercreditor Agreement

The Indenture will provide that, subject to the covenants contained therein, at the request of the Issuer or the Company, at or prior to any time that the Issuer or a Guarantor incurs or guarantees any Indebtedness permitted to be secured by a Lien on the Collateral pursuant to the definition of Permitted Collateral Liens, the Issuer, the Guarantors, the Security Agent and the Trustee shall either amend and/or restate the Intercreditor Agreement or enter into with the creditors and/or agents of creditors with respect to such Indebtedness an additional intercreditor agreement (each, an "*Additional Intercreditor Agreement*") on substantially the same terms as the Intercreditor Agreement (or an amendment or restatement of the Intercreditor Agreement in lieu thereof), in either such case, to permit such Indebtedness to be subject to (and benefit from) substantially similar terms with respect to the release of the Collateral and Note Guarantees, enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Non-Securitization

Indebtedness as contained in the Intercreditor Agreement in effect as of the Issue Date (or, in the case of any such terms, terms more favorable to the holders of the Notes). Only one such intercreditor agreement shall be outstanding at any one time or, if more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict and must be no more disadvantageous to the holders of the Notes than if all such Indebtedness was a party to one such agreement.

The Indenture will also provide that, at the direction of the Issuer or the Company and without the consent of the holders of the Notes, the Trustee shall upon the direction of the Issuer or the Company from time to time enter into one or more amendments and/or restatements of the Intercreditor Agreement or any such Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency therein; (2) increase the amount of Indebtedness permitted to be incurred or issued under the Indenture of the types covered thereby that may be incurred by the Issuer or any Guarantors that is subject thereto (including the addition of provisions relating to new Indebtedness); (3) add Guarantors thereto; (4) further secure the Notes (including any Additional Notes); or (5) make any other such change thereto that does not adversely affect the rights of holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee to enter into any amendment and/or restatements of the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with the above provisions.

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 mailing 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 or any Guarantor 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 or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors 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 such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument governed by New York law to which the Issuer, any Guarantor or any Subsidiary is a party or by which the Issuer, any Guarantor or any Subsidiary is bound; *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)).

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 or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, 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 and the Guarantors 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 or any Guarantor, 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 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 indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application has been 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 Intercreditor Agreement and any Additional Intercreditor 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 Ireland.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement, the Security Documents and the Proceeds Loan will be governed by English law.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor, will appoint CT Corporation System, 1180 Avenue of the Americas, Suite 210, New York, NY 10036-8401, United States as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees 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 and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. Please see "Service of Process and Enforcement of Civil Liabilities."

Prescription

Claims against the Issuer or any Guarantor 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 or any Guarantor 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 September 15, 2016 (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 September 15, 2016 (excluding accrued but unpaid interest to the redemption date), 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.

"Ancilliary Third Party Change" means any legal aid charge, a council discount charge or a charge securing grant monies.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company 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 Company 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 Company or any of its Restricted Subsidiaries of Equity Interests in any Subsidiary of the Company (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 of less than £3.0 million; *provided* that any transactions or series of related transactions including Eligible Loan Assets shall comply with the first paragraph of the covenant under the caption "—Repurchase at the Option of Holders—Asset Sales."

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(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 Company and its Restricted Subsidiaries; *provided* that any sale, lease or other transfer of Eligible Loan Assets shall comply with the first paragraph of the covenant under the caption "—Repurchase at the Option of Holders—Asset Sales."

(5) licenses and sublicenses by the Company 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 Company or any Restricted Subsidiary to such Person) related to such assets; and

(13) any sale, transfer or other disposition of Securitization Assets and related assets in connection with or in view of establishing, extending, funding or supporting any Qualified Securitization Financing.

"*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.

"*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 GAAP, 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 Pre-Expansion European Union, the United States of America 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 Pre-Expansion European Union or the United States of America 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 with maturities (and similar instruments) 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 Pre-Expansion European Union or of the United States of America or any state thereof 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; and

(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.

"*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 Company 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 Company to an Affiliate of the Company for the purpose of reincorporating the Company 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 either the Company or 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 Company, measured by voting power rather than number of shares;

(4) during any 24-month period, a majority of the members of the Board of Directors of the Issuer does not consist of Continuing Directors; or

(5) the first day on which the Company shall fail to directly own 100% of the issued and outstanding Voting Stock and Capital Stock of the Issuer or otherwise ceases to control the Issuer.

"*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 each of the Issuer and the Guarantors for which a Lien has been created to secure the Notes and the Note Guarantees 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, the Notes or any Note Guarantee.

"*Collateral Security*" means, in relation to an Eligible Loan Asset, any legal mortgage or charge (or equivalent in Scotland as applicable) executed by a Mortgagor as security for such Eligible Loan Asset (and any other collateral security, therefore including, without limitation, any guarantee) in favor of the Company or any Restricted Subsidiary.

"*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 Company and its Restricted Subsidiaries for such period) of the Company 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 Company) 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 Company) issuance 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 Company); *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness (other than with respect to any Qualified Securitization Financing)) of the Company 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); *minus*

(9) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of the Company 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 GAAP.

"*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 GAAP 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 (other than any Guarantor and the Issuer) 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 Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) 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 Company) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility) and (d) other restrictions with respect to such Restricted Subsidiary that would not materially adversely affect the ability of the Issuer or any Guarantor to service or repay the Notes, except that the Company'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 Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor or 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 Company 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 Company 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 Company) 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.

"*Consolidated Senior Secured Gearing Ratio*" means, with respect to any Person as of any date of determination, the amount (stated as a percentage) equal to the quotient of (1) the Consolidated Senior Secured Non-Securitization Leverage of such Person on such date *divided by* (2) the Non-Securitization Net Loan Assets of such Person on such date.

"*Consolidated Senior Secured Non-Securitization Leverage*" means, with respect to any Person as of any date of determination, the sum, without duplication, of the total amount of Senior Secured Non-Securitization Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis.

"*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.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or with the approval of any of the Permitted Holders.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility or commercial paper facilities 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 Company 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 Company by any direct or indirect Parent Holdco of the Company 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 first 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 first 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 first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes, any Note Guarantee and the Proceeds Loan in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Subordinated Debt (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement, in any event, such that;

    (a) the Company shall make no payment in respect of such Deeply Subordinated Shareholder Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (1) above) and may not acquire such Deeply Subordinated Shareholder Indebtedness except as permitted by the Indenture until the prior payment in full in cash of all obligations in respect of the Notes, any Note Guarantee, the Indenture and the Proceeds Loan;

(b) upon any total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property, the holders of the Notes shall be entitled to receive payment in full in cash of the Obligations under the Notes or any Note Guarantee or the Proceeds Loan before the holders of such Deeply Subordinated Shareholder Indebtedness shall be entitled to receive any payment in respect of such Deeply Subordinated Shareholder Indebtedness;

(c) such Deeply Subordinated Shareholder Indebtedness may not be amended such that it would cease to qualify as a Deeply Subordinated Shareholder Indebtedness until a date that is after the prior payment in full in cash of all Obligations in respect of the Notes, any Note Guarantee, the Indenture and the Proceeds Loan;

(d) the holders of such Deeply Subordinated Shareholder Indebtedness shall assign any rights to vote, including by way of power of attorney, in a bankruptcy, insolvency or similar proceeding to the trustee under the Indenture to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(e) the holders of such Deeply Subordinated Shareholder Indebtedness shall agree that, in the event any payment on such Deeply Subordinated Shareholder Indebtedness is received by such holder in contravention of the terms of the Indenture and the Intercreditor Agreement and any applicable Additional Intercreditor Agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Notes;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility;

(7) is incurred after the Issue Date; and

(8) 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 Company,

provided, *however*, that 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 Company, 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.

"*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 Indebtedness*" means (1) any Indebtedness outstanding under the Revolving Facility Agreement and (2) any other Indebtedness of the Issuer or a Guarantor that is designated in an Officer's Certificate delivered to the Trustee as "Designated Indebtedness" for purposes of the Indenture.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company 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.

"*Eligible Loan Assets*" means, with respect to any Person as of any date of determination, loans held by such Person and its Restricted Subsidiaries in the ordinary course of business to the extent secured on freehold, heritable or leasehold property in England, Wales, Scotland or Northern Ireland in respect of which such loan was made (excluding any such loans that (1) are held by an obligor under any Qualified Securitization Financing; or (2) constitute Securitization Assets or that otherwise are subject to a Lien to secure any Obligations under any Qualified Securitization Financing); *provided* that such loans constitute Collateral.

"*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 an underwritten sale of Capital Stock (other than Disqualified Stock) of the Company or a Parent Holdco of the Company pursuant to which the net cash proceeds are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Company or as Deeply Subordinated Shareholder Indebtedness of the Company.

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Company after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

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 Company), 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" hereof.

"*Existing Loan Note Debt*" means the £60.0 million in aggregated outstanding subordinated shareholder loan notes existing as of the Issue Date, issued to certain of the Permitted Holders and other persons pursuant to each of (1) a deed of amendment and restatement, dated November 9, 2007 and executed by the Company, relating to a deed constituting £20,000,000 variable series A secured loan note instrument entered into on September 15, 2006; (2) a deed of amendment and restatement , dated November 9, 2007 and executed by the Company, relating to a deed constituting £20,000,000 variable series B secured loan note instrument entered into on January 16, 2016, (3) a deed constituting £8,000,000 series C variable rate secured loan notes 2016, dated November 9, 2007 and executed by the Company and (4) a deed constituting £12,000,000 series D variable rate secured loan notes 2016, dated November 9, 2007 and executed by the Company, each of which as amended, restated, modified, renewed or supplemented from time to time (other than any amendment, restatement, modification, renewal or supplement increasing the principal or other amounts payable thereunder).

"*Existing Qualified Securitization Financing*" means the Obligations of CABS under the Amended and Restated Note Issuance Facility Agreement, dated as of November 12, 2007 and as amended, restated, modified, renewed or supplemented from time to time and most recently August 28, 2012, and related documents.

"*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 Company's Chief Executive Officer, Chief Financial Officer 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 GAAP, 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 GAAP, 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).

"*Further Advance*" means an additional advance of principal made by the Company or any Restricted Subsidiary to the relevant Mortgagor on the same loan account beyond the amount at the time of the initial advance of principal.

"*GAAP*" means, initially, generally accepted accounting principles applicable in the United Kingdom as in effect from time to time. At any time after the Issue Date, the Issuer may make a one-time election to prepare its financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union ("*IFRS*") for all purposes of the Indenture and, upon such election, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under IFRS, it shall restate its financial statements on the basis of IFRS for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of GAAP. The Issuer shall give notice of any such election to the Trustee.

"*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 September 15, 2016; *provided*, *however*, that if the period from such redemption date to September 15, 2016 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).

"*Guarantors*" means, collectively, each of (i) Jerrold Holdings Limited, Blemain Finance Limited, Briar Hill Court Limited, Cheshire Mortgage Corporation Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Heywood Finance Limited, Heywood Leasing Limited, Jerrold Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Monarch Recoveries Limited, North Western Properties & Developments Limited, Privileged Estates Limited, Finance Your Property Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Proactive Bridging Limited, Bridging Finance Limited, Phone-A-Loan Limited, Bridgingfinance.co.uk Limited, Auction Finance Limited, Manchester Property Investments Limited and Provincial & Northern Properties Limited and (ii) any other Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*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.

"*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 GAAP. 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 GAAP in effect on the Issue Date and any guarantee given by the Company or a Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company 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 Company 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.

"*Indexed Loan to Value Ratio*" means the proportion (expressed as a percentage) represented by the Current Balance of an Eligible Loan Asset plus any monies secured by any prior ranking legal charge secured on the same Property and any prior ranking Ancillary Third Party Charge registered against the same Property to the amount of the Indexed Valuation in respect of that Eligible Loan Asset.

"*Indexed Valuation*" means, in relation to any Eligible Loan Asset, the indexed valuation applied by the Company or any Restricted Subsidiary or the servicer in respect of the Property which is the subject of such Eligible Loan Asset using a nationally recognized property index.

"*Intercreditor Agreement*" means the intercreditor agreement, dated as of November 9, 2007 and as amended, restated or otherwise modified or varied from time to time, made between, among others, the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein.

"*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 Company 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 GAAP. If the Company 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 Company 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 Company'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 Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company 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 September 27, 2013.

"*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 any Company 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.

"*Moody's*" means Moody's Investors Service, Inc.

"Mortgagor" means, in relation to an Eligible Loan Asset, the Person or Persons named as entering into the Eligible Loan Asset and to whom such Eligible Loan Asset is advanced, together with any guarantor or surety and any Person from time to time assuming the obligations of a Mortgagor to repay an Eligible Loan Asset or any part of it.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company 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 Company 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 GAAP.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*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) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period (other than any consolidated interest expense (and interest income) 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 on Equity Interests 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.

"*Non-Securitization Net Loan Assets*" means, with respect to any Person as of any date of determination, the aggregate value of the Eligible Loan Assets which would appear as assets on the consolidated balance sheet of such Person and its Restricted Subsidiaries as of such determination date after adjusting for any suspended income and any loan loss provisions or other expenses set aside as an allowance for bad debt with respect to such Eligible Loan Assets of such Person and its Restricted Subsidiaries, in each case, as calculated in accordance with GAAP.

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Note Issuance Facility Agreement*" means the note issuance facility agreement, dated November 12, 2007 and amended and restated from time to time and most recently on August 28, 2012 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 cash administrator.

"*Notes*" means the 9¾% Senior Secured Notes due 2018, 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.

"*Original Balance*" means the principal amount of an Eligible Loan Asset advanced to a Mortgagor by the Company or any Restricted Subsidiary at the time of that Eligible Loan Asset's inception.

"*Origination Loan to Value Ratio*" means the proportion (expressed as a percentage) represented by (1) the Original Balance (excluding any Further Advances) of an Eligible Loan Asset *plus* any monies secured by any prior ranking legal charge secured on the same Property and any prior ranking Ancillary Third Party Charge registered against the same Property to (2) the amount of the Original Valuation in respect of that Eligible Loan Asset.

"*Origination Valuation*" means, in relation to any Eligible Loan Asset, the open market valuation obtained by the Company or any Restricted Subsidiary or the servicer in respect of the Property which is the subject of such Eligible Loan Asset either on or about the time of origination of the Eligible Loan Asset.

"*Pari Passu Indebtedness*" means (1) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes and (2) with respect to any Guarantee, Indebtedness which ranks *pari passu* in right of payment of such Guarantee.

"*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.

"*Permitted Business*" means (1) any businesses, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Company 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.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure the Notes and the Note Guarantees issued on the Issue Date;

(2) Liens on the Collateral to secure any Indebtedness that is Designated Indebtedness and that is (i) *Pari Passu* Indebtedness and (ii) permitted to be incurred by the first paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or clause (1) or clause (17) of the definition of "Permitted Debt"; *provided* that on the date of the incurrence or issuance of such Indebtedness and on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) the Consolidated Senior Secured Gearing Ratio of the Company is equal to or less than (A) 60%, or (B) if on the date of the incurrence or issuance of such

Indebtedness the Notes are rated "BB" or better by Fitch and "BB" or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency) and a rating of "BB" or better is reissued or confirmed by each of Fitch and S&P (or such other rating agency as referred to above, as the case may be) taking into account such incurrence or issuance of such Indebtedness and the granting of the Permitted Collateral Lien, 65%; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis; *provided further*, that each of the parties thereto will have entered into the Intercreditor Agreement as "Secured Parties" (or the corresponding term in any Additional Intercreditor Agreement);

(3) Liens on the Collateral to secure Indebtedness that is Designated Indebtedness and that is (i) *Pari Passu* Indebtedness and (ii) permitted to be incurred by the first paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or clause (1) or clause (17) of the definition of "Permitted Debt"; *provided* that the aggregate principal amount of such Indebtedness shall not exceed £30.0 million at any one time outstanding; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis; *provided further*, that each of the parties thereto will have entered into the Intercreditor Agreement as "Secured Parties" (or the corresponding term in any Additional Intercreditor Agreement);

(4) Liens on the Collateral to secure Permitted Refinancing Indebtedness 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), (2) or this clause (4); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees with the same or a higher priority with respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged, renewed, refunded, refinanced, replaced or discharged; *provided further*, that each of the parties thereto will have entered into the Intercreditor Agreement;

(5) Liens on the Collateral securing Hedging Obligations that relate solely to Indebtedness referred to in clauses (1) through (4) above which are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; provided that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees on a senior or *pari passu* basis; *provided further*, that each of the parties thereto will have entered into the Intercreditor Agreement as "Hedging Banks" (or the corresponding term in any Additional Intercreditor Agreement);

(6) Liens on the Collateral to secure (a) the Existing Loan Note Debt and (b) Subordinated Second Lien Debt permitted to be incurred by the first paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or clause (5) (if the Permitted Refinancing Indebtedness relates to Indebtedness that was secured pursuant to this clause (6)) or clause (17) of the definition of "Permitted Debt"; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior basis; *provided further*, that each of the parties thereto will have entered into the Intercreditor Agreement as a "Noteholder" (or the corresponding term in any Additional Intercreditor Agreement); and

(7) Liens on the Collateral existing on the Issue Date and Liens on the Collateral described in one or more of clauses (2), (3), (7), (8), (9), (12), (13), (14), (15), (16), (17), (18), (20), (21), (22), (24), (25) 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.

"*Permitted Holders*" means, collectively (1) Henry Moser, (2) Equistone Partners Europe and any trust, fund, partnership or other Person owned, managed, or advised by Equistone Partners Europe (other than any portfolio company of any of the foregoing), and (3) 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 Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company 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 Company 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 Company or any Parent Holdco of the Company 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 Company 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 Company 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 Company or any Restricted Subsidiary;

(11) any guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) Investments in joint ventures in a Permitted Business 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 (12) that are at the time outstanding not to exceed £10.0 million;

(13) 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;

(14) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—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;

(15) Management Advances;

(16) other Investments in any Person 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 (16) that are at the time outstanding not to exceed £25.0 million; *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.

"*Permitted Liens*" means:

(1) Liens in favor of the Company or any Restricted Subsidiary;

(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 Company 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 Company 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 described above under the caption "—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 the Note Guarantees);

(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 setoff 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 Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company 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 Company 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 Company 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 Company 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 Company 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 Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(29) Liens on escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case 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 Company or any Restricted Subsidiary securing Indebtedness of the Company and its Restricted Subsidiaries that does not exceed £5.0 million at any one time outstanding.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company 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 Company 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 or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, redeemed, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, redeemed, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Principal Balance*" means, as of any date of determination, the principal amount outstanding as of such date to the Company or any Restricted Subsidiary under an Eligible Loan Asset (excluding accrued interest, arrears of interest, insurance premiums, fees, charges or other expenses but including fees and charges in each case capitalized on completion of the Eligible Loan Asset included in the total sum outstanding from a Mortgagor).

"*Proceeds Loan*" means the loan made by the Issuer to the Company for the amount of the gross proceeds received by the Issuer from the offering of the Notes on the Issue Date, pursuant to the Proceeds Loan Agreement.

"Property" means the freehold, heritable or leasehold property in England, Wales, Scotland or Northern Ireland.

"*Proceeds Loan Agreement*" means that certain loan agreement, dated as of the Issue Date, by and between the Issuer, as lender, and the Company, as borrower.

"*Public Equity Offering"* means, with respect to any Person, a bona fide underwritten public offering of the ordinary shares or common equity of such Person, either:

(1) pursuant to a flotation on the main market of the London Stock Exchange or the main market of any other nationally recognized regulated stock exchange or listing authority in a member state of the Pre-Expansion European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Company (or a Parent Holdco of the Company) has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Company 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 or other transferee of such accounts receivable and related assets) except to a limited extent customary for such transactions.

"*Rating Agencies*" means Fitch and S&P or, in the event Fitch or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" (within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act) who assigns a rating to the Notes in lieu of Fitch or S&P, as the case may be.

"*Rating Category*" means (1) with respect to Fitch and S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); and (2) the equivalent of any such category of S&P or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (+ and – for S&P and Fitch and 1, 2, and 3 for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account but changes in outlook shall not.

"*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).

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility made available to the Issuer under the Revolving Facility Agreement.

"*Revolving Facility Agreement*" means the £245,000,000 facility agreement, dated as of November 9, 2007 and as amended and restated on August 28, 2012, by and among the Company, as borrower, Lloyds TSB Bank PLC and National Australia Bank Limited, as arrangers, 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 Ratings Group.

"*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 Company or a 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 The Royal Bank of Scotland plc, as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

"*Security Documents*" means (1) the fixed and floating charge dated on or around the Issue Date between, *inter alios*, the Issuer, the Guarantors and the Security Agent, (2) the fixed and floating debenture dated November 15, 2007 between, *inter alios*, the Issuer, the Guarantors and the Security Agent, (3) the declaration of trust dated on or about November 9, 2007 made by certain of the Issuer and the Guarantors in favor of, *inter alios*, the Security Agent, (4) the Standby Servicing Agreement and (5) 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 Non-Securitization Indebtedness*" means, as of any date of determination, the principal amount of any Indebtedness that is either (1) secured by Permitted Collateral Liens pursuant to clauses (1), (2), (3), (4) or (5) of the definition thereof or (2) Indebtedness of a Restricted Subsidiary that is not a Guarantor (other than, with respect to either clauses (1) or (2) above, any Indebtedness secured by a Lien on any Securitization Assets or that is otherwise subject to a Lien to secure an Obligation under any Qualified Securitization Financing).

"*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 Company 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 Company.

"*Standby Servicing Agreement*" means the standby servicing agreement, dated August 28 2012 and as amended pursuant to an amendment deed on or prior to the Issue Date, by and among The Royal Bank of Scotland plc, as senior agent and security agent, the Company, the original servicers, Vertex Services Limited, as standby servicer and, upon accession to the Intercreditor Agreement, the Trustee.

"*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 Second Lien Debt*" means Indebtedness provided to the Company (but not to any Restricted Subsidiary) that:

(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 first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition);

(2) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary other than the Collateral and the Liens on the Collateral are junior in priority to the Liens on the Collateral securing the Notes and any other *Pari Passu* Indebtedness;

(3) is not guaranteed by any Subsidiary of the Company;

(4) is subordinated in right of payment to the prior payment in full in cash of the Notes, any Note Guarantee and the Proceeds Loan in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the "Noteholder Debt" (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement and will be subject to the same conditions, terms and restrictions applicable to "Noteholder Debt" provided for in the Intercreditor Agreement (or such conditions, terms and restrictions that are more favorable to the holders of the Notes); including provisions providing that:

   (a) the Company shall make no payment of principal in respect of such Subordinated Shareholder Debt (whether in cash, securities or otherwise, except as permitted by clause (1) above) and may not acquire such Subordinated Second Lien Debt except as permitted by the Indenture until the prior payment in full in cash of all obligations in respect of the Notes, any Note Guarantee, the Indenture and the Proceeds Loan;

   (b) upon any total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property, the holders of the Notes shall be entitled to receive payment in full in cash of the Obligations under the Notes or any Note Guarantee or the Proceeds Loan before the holders of such Subordinated Second Lien Debt shall be entitled to receive any payment in respect of such Subordinated Second Lien Debt;

   (c) such Subordinated Second Lien Debt may not be amended such that it would cease to qualify as a Subordinated Second Lien Debt until a date that is after the prior payment in full in cash of all Obligations in respect of the Notes, any Note Guarantee, the Indenture and the Proceeds Loan;

   (d) the holders of such Subordinated Second Lien Debt shall assign any rights to vote, including by way of power of attorney, in a bankruptcy, insolvency or similar proceeding to the Security Agent to the extent necessary to give effect to the priority and subordination provisions described in the Intercreditor Agreement; and

   (e) the holders of such Subordinated Second Lien Debt shall agree that, in the event any payment on such Subordinated Shareholder Debt is received by such holder in contravention of the terms of the Indenture and the Intercreditor Agreement and any applicable Additional Intercreditor Agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Notes; and

(5) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes, a Note Guarantee, the Proceeds Loan or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan or any Credit Facility.

"*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 GAAP 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.

"*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 GAAP, 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.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Issuer or any successor to the Issuer) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*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.

"*Written-Off Loan*" means an Eligible Loan Asset in respect of which there has been a net loss of principal made by the Company or any Restricted Subsidiary after the enforcement of the Collateral security and any completion of any related sale.

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 closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream Banking.

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 closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream Banking.

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 Banking 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 Banking 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 £1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream Banking 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 Banking, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the indenture governing the Notes. As such, participants must rely on the procedures of Euroclear and Clearstream Banking and indirect participants must rely on the procedures of Euroclear and Clearstream Banking 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 nor the Trustee 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 Banking, 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 Banking, 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 Banking, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream Banking 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 depository for Euroclear and Clearstream Banking, which will distribute such payments to participants in accordance with their respective customary procedures.

Under the terms of the indenture governing the Notes, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream Banking or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream Banking 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 Banking or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream Banking 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 Banking Holders" and each a "Euroclear/Clearstream Banking Holder") through Euroclear or Clearstream Banking in pounds sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking 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 Banking 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 Banking 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 Banking will be affected in accordance with Euroclear and Clearstream Banking 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 Banking and in accordance with the provisions of the indenture governing the Notes.

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 governing the Notes) 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," and "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 applicable 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 governing the Notes, owners of Book Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

- if Euroclear and Clearstream Banking notifies the Issuer that it is unwilling or unable to continue to act as depository and a successor depository 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 Banking, 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, we, the Trustee, the Paying 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.

We 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 Banking

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream Banking. 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 nor the initial purchasers are responsible for those operations or procedures.

Euroclear and Clearstream Banking 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 Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets. Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream Banking 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 Banking participant, either directly or indirectly.

As Euroclear and Clearstream Banking 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 Banking 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 Banking systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream Banking 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 Banking participants may not deliver instructions directly to the common depository.

Although Euroclear and Clearstream Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream Banking, 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, any Guarantor, the Trustee or principal paying agent will have any responsibility for the performance by Euroclear or Clearstream Banking 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 Banking 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 Banking 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 Banking 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 us and the initial purchaser as follows:

(1) It understands and acknowledges that the Notes and the guarantees 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 any Guarantor or acting on behalf of the Issuer or any Guarantor 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, the Guarantors nor the initial purchasers, nor any person representing the Issuer, the Guarantors 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 us, the Issuer, the Guarantors, the Indenture, the Notes, the Guarantees 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, the Guarantors 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. 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.

(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 us 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 us 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 we, 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 adviser.

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 "recognized stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The Irish Stock Exchange is a recognized 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 (and any person by or through whom interest on the Notes is paid 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.

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 will 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 will 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 if that holder of Notes is resident or ordinarily 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. Holders of Notes are advised to consult their own professional advisers for further information about the accrued income scheme.

Taxation of Discount

Based on the Issuer's understanding of HMRC's practice in this area, it is considered that the Notes will not be treated as constituting "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

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.

European Union Directive on the Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, each Member State of the European Union is required to provide to the tax or other relevant authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to an individual or certain other types of person resident in that other Member State; however, for a transitional period, Austria and Luxembourg have instead opted to apply a withholding system in relation to such payments, deducting tax at the rate of 35%, unless during that period they elect otherwise. The transitional period is to terminate following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding).

The European Commission has published proposals for amendments to Council Directive 2003/48/EC, which, if implemented, would amend and broaden the scope of the requirements above.

U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following discussion is a general summary of the material 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 the offering at their "issue price" (*i.e.*, the first price at which a substantial amount of the Notes is sold to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) for money) and will 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,

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, partnerships or other pass-through entities, 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 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 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 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 taxable 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 a partnership (including for this purpose any entity 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 and partners in such partnership should consult their own tax advisers regarding the U.S. federal income tax consequences of holding and disposing of the Notes.

Prospective investors are urged to consult their own tax advisers 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.

Interest

Payments of stated interest (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) on a Note will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, depending on the U.S. holder's method of accounting for U.S. tax purposes. If the Notes' "stated redemption price at maturity" (generally, the sum of all payments required under the Note other than payments of stated interest) exceeds the issue price by an amount equal to or more than a *de minimis* amount, a U.S. holder will be required to include such excess in income as original issue discount ("OID"), as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. The rules governing OID instruments are complex and prospective investors should consult their own tax advisers concerning the application of such rules to the Notes as well as the interplay between the application of the OID and foreign currency exchange gain or loss rules. We do not expect, however, that the Notes will be issued with OID and the remainder of this discussion assumes that the Notes are not issued with OID.

A cash basis U.S. holder will realize interest income equal to the U.S. dollar value of the interest payment, based on the spot exchange rate on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash basis U.S. holder will not realize exchange gain or loss on the receipt of the interest income but may recognize exchange gain or loss upon the actual disposition of the pounds sterling so received.

An accrual method U.S. holder will accrue interest income on the Notes in pounds sterling and translate that amount into U.S. dollars at the average spot exchange rate in effect during the interest 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, an accrual basis 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 interest 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 on the date of receipt, if that date is within five business days of the last day of the accrual period. An accrual method U.S. holder generally will realize exchange gain or loss with respect to accrued interest income on the date the interest payment actually is received. The amount of exchange gain or loss to be recognized by the holder will be an amount equal to the difference, if any, between the U.S. dollar value of the interest payment received (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (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.

Interest paid on the Notes (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 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 (other than amounts attributable to accrued and unpaid interest, which will be taxable as ordinary interest income in accordance with the U.S. holder's method of tax accounting as described above) and the U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the holder decreased by any principal payments previously 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. The amount realized will generally 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 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 on the settlement date of the sale or other taxable disposition, and will determine the U.S. dollar value of the cost of the Notes at the spot rate on the settlement date of the purchase. If an accrual method taxpayer makes this election, the election must be applied consistently by the taxpayer from year to year and once made cannot be revoked without the consent of the IRS.

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 currency exchange rates will be 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 Note 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). The amount of foreign exchange gain or loss upon a sale, exchange or other taxable disposition will be realized 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, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. holder not attributable to foreign currency gain or loss recognized on the sale, exchange or other taxable disposition of a Note will generally 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 or other taxable disposition. In the case of an individual U.S. holder, any such gain is currently subject to preferential U.S. federal income tax rates if that U.S. holder satisfies certain prescribed minimum holding periods. 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 for interest 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 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 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 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 advisers 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 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 advisers regarding the possible implications of these rules on their investment in Notes.

Plan of Distribution

The initial purchasers are The Royal Bank of Scotland plc, Jefferies International Limited and Lloyds TSB Bank plc. We have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, pursuant to a purchase agreement between us, the Guarantors and the initial purchasers (the "Purchase Agreement"), the principal amount of the Notes as set forth below:

Initial Purchaser	Principal Amount of Notes
The Royal Bank of Scotland plc.	£115,000,000
Lloyds TSB Bank plc	£ 55,000,000
Jefferies International Limited	£ 30,000,000
Total	£200,000,000

The obligations of the initial purchasers under the Purchase Agreement, including their agreement to purchase Notes from us, 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, 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 our counsel.

The Purchase Agreement provides that we 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. We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 120 days after the date the Notes are issued, to not, and to cause our 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 or guaranteed by us or any of our subsidiaries.

The Notes and the guarantees 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 or any Guarantor; 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 us 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 us 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 and the Guarantors have 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(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. We have applied, through our 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 us 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, we 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."

We expect 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 five 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 + 5"). 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 the next succeeding business day 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, consulting and financial advisory services to us and our affiliates in the ordinary course of business for which we may receive customary advisory and transaction fees and expense reimbursement.

The Royal Bank of Scotland plc, or one or more of its affiliates, is a bookrunner and mandated lead arranger, facility agent, security agent and lender, Lloyds TSB Bank plc, or one or more of its affiliates, is a bookrunner and mandated lead arranger and lender and Jefferies International Limited, or one or more of its affiliates, is a lender for the Revolving Credit Facility. A portion of the proceeds from the issue of the Notes in the offering will be used to prepay certain amounts owing under the Revolving Credit Facility and to pay certain customary fees and expenses to The Royal Bank of Scotland, Jefferies International Limited and Lloyds TSB Bank plc. in connection with the offering of the Notes. In addition, The Royal Bank of Scotland plc will act as security agent for the Notes.

Legal Matters

Certain legal matters in connection with the offering will be passed upon for us 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, 2010, 2011, 2012 and 2013 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, 2010, 2011, 2012 and 2013 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, 2010, 2011, 2012 and 2013 are included on pages F-77, F-54, F-31 and F-7, 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 us, 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 us or the initial purchasers.

We are 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 governing the Notes and so long as the Notes are outstanding, we 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 and each Guarantor, the most recent audited consolidated financial statements of the Company, the indenture governing the Notes (which includes the guarantees and the form of the Notes), the Intercreditor Agreement (as defined herein) and the Security Documents (as defined herein) will be available for review during the 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, and each of the Guarantors is a private limited company incorporated under the laws of England and Wales. All the directors and executive officers of the Issuer and the Guarantors live outside the United States. All the assets of the directors and executive officers of the Issuer and of the Guarantors are located outside the United States. As a result, it may not be possible for you to serve process on such persons, the Issuer or the Guarantors 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;
- 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, we cannot assure you 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 has been 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 September 27, 2013.

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 and each Guarantor;
- the most recent audited consolidated financial statements of the Company (which include the financial information of Guarantors and the subsidiaries of Jerrold Holdings that will not guarantee the Notes);
- the indenture governing the Notes (which includes the guarantees and form of the Notes);
- the Intercreditor Agreement; and
- the Security Documents.

The issuance of the Notes was authorized by the Board of Directors of the Issuer on September 16, 2013. The giving of the guarantees has been authorized pursuant to applicable corporate formalities. 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, we have 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 our financial condition nor so far as we are 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, 2013. Except as disclosed in this offering memorandum, there has been no material adverse change in our prospects since June 30, 2013.

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 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 governing the Notes.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream Banking. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common Code
Rule 144A Global Notes	XS0973434110	097343411
Regulation S Global Notes	XS0973431447	097343144

Issuer and Guarantor Information

All subsidiaries of Jerrold Holdings Limited other than the Issuer are Subsidiary Guarantors. As of and for the year ended June 30, 2013, the Issuer had EBITDA of £0.0, representing 0.0% of our consolidated EBITDA (total consolidated EBITDA was £89.5 million), total assets of £0.1 million, representing 0.0% of our consolidated total assets (consolidated total assets were £1,002.7 million), and net assets of £0.1 million, representing 0% of our consolidated net assets (total consolidated net assets were £361.2 million); the Guarantors had EBITDA of £71.9 million, representing 80.3% of our consolidated EBITDA, total assets of £475.9 million, representing 47.5% of our consolidated total assets, and net assets of £221.7 million, representing 61.4% of our consolidated net assets; and Charles Street ABS had EBITDA of £17.6 million, representing 19.7% of our consolidated EBITDA, total assets of £526.8 million, representing 52.5% of our consolidated total assets, and net assets of £139.5 million, representing 38.6% of our consolidated net assets. Charles Street ABS, the bankruptcy-remote

special purpose vehicle established for purposes of our Conduit Securitization, is consolidated into our 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 Securitization." Charles Street ABS will not guarantee the Notes.

As of and for the year ended June 30, 2013, Blemain Finance Limited, Lancashire Mortgage Limited and Jerrold Holdings Limited each had EBITDA of £47.9 million, £23.8 million and £0.0 million respectively, representing 54.1%, 26.9% and 0.0% respectively, of our EBITDA, and each had net assets of £162.0 million, £70.8 million and 87.2 million respectively, representing 44.8%, 19.6% and 24.1% respectively, of our net assets. Blemain Finance Limited offers retail purpose and medium and long-term commercial purpose mortgage loans. Lancashire Mortgage Corporation Limited offers short-term and medium and long-term commercial purpose loans. Except as disclosed in this offering memorandum, there are no risks specific to Blemain Finance Limited or Lancashire Mortgage Corporation Limited that could impact their guarantees or any encumbrances on their assets that could materially affect their ability to meet their obligations under their guarantees.

Jerrold FinCo plc

The Issuer, Jerrold FinCo plc, registration number 04949914, was formed on October 31, 2003 as a private limited company under the laws of England and Wales and was re-registered on March 13, 2013 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.

At the settlement date, the Guarantors will be the companies listed below. The guarantees of the Guarantors are joint and several, full and unconditional.

Jerrold Holdings Limited

Jerrold Holdings Limited, registration number 02939389, is a private company formed under the laws of England and Wales on June 15, 1994. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Blemain Finance Limited

Blemain Finance Limited, registration number 01185052, is a private company formed under the laws of England and Wales on September 24, 1974. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Briar Hill Court Limited

Briar Hill Court Limited, registration number 02783285, is a private company formed under the laws of England and Wales on January 25, 1993. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Cheshire Mortgage Corporation Limited

Cheshire Mortgage Corporation Limited, registration number 02613335, is a private company formed under the laws of England and Wales on May 22, 1991. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Factfocus Limited

Factfocus Limited, registration number 01402330, is a private company formed under the laws of England and Wales on November 28, 1978. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

General Allied Properties Limited

General Allied Properties Limited, registration number 03099840, is a private company formed under the laws of England and Wales on September 8, 1995. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Harpmanor Limited

Harpmanor Limited, registration number 01954109, is a private company formed under the laws of England and Wales on November 4, 1985. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Heywood Finance Limited

Heywood Finance Limited, registration number 03160517, is a private company formed under the laws of England and Wales on February 16, 1996. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Heywood Leasing Limited

Heywood Leasing Limited, registration number 03459649, is a private company formed under the laws of England and Wales on November 3, 1997. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Jerrold Mortgage Corporation Limited

Jerrold Mortgage Corporation Limited, registration number 00521009, is a private company formed under the laws of England and Wales on June 25, 1953. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Lancashire Mortgage Corporation Limited

Lancashire Mortgage Corporation Limited, registration number 02058813, is a private company formed under the laws of England and Wales on September 26, 1986. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Monarch Recoveries Limited

Monarch Recoveries Limited, registration number 01959967, is a private company formed under the laws of England and Wales on November 15, 1985. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

North Western Properties & Developments Limited

North Western Properties & Developments Limited, registration number 03161998, is a private company formed under the laws of England and Wales on February 20, 1996. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Privileged Estates Limited

Privileged Estates Limited, registration number 03107289, is a private company formed under the laws of England and Wales on September 27, 1995. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Finance Your Property Limited

Finance Your Property Limited, registration number 03112042, is a private company formed under the laws of England and Wales on October 10, 1995. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Spot Finance Limited

Spot Finance Limited, registration number 01998543, is a private company formed under the laws of England and Wales on March 11, 1986. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Supashow Limited

Supashow Limited, registration number 02544317, is a private company formed under the laws of England and Wales on September 28, 1990. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Classic Car Finance Limited

Classic Car Finance Limited, registration number 03237779, is a private company formed under the laws of England and Wales on August 14, 1996. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Proactive Bridging Limited

Proactive Bridging Limited, registration number 03174903, is a private company formed under the laws of England and Wales on March 19, 1996. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Bridging Finance Limited

Bridging Finance Limited, registration number 03166982, is a private company formed under the laws of England and Wales on March 1, 1996. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Phone-A-Loan Limited

Phone-A-Loan Limited, registration number 01733267, is a private company formed under the laws of England and Wales on June 21, 1983. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Bridgingfinance.co.uk Limited

Bridgingfinance.co.uk Limited, registration number 04159852, is a private company formed under the laws of England and Wales on February 14, 2001. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Auction Finance Limited

Auction Finance Limited, registration number 04949929, is a private company formed under the laws of England and Wales on October 31, 2003. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Manchester Property Investments Limited

Manchester Property Investments Limited, registration number 04950229, is a private company formed under the laws of England and Wales on October 31, 2003. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

Provincial & Northern Properties Limited

Provincial & Northern Properties Limited, registration number 03100498, is a private company formed under the laws of England and Wales on September 11, 1995. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom and its telephone number is +44-161-956-3200.

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JERROLD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2013.

ENHANCED BUSINESS REVIEW

The Group's principal activity during the year under review continues to be the provision of secured property finance along with ancillary activities. The directors do not expect any significant change to the activities of the Group.

A number of key performance indicators (KPIs) are monitored in order to review and control performance, position and liquidity and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2013 are set out on pages 8 to 28. Group turnover has decreased by 3.3% to £121.5m (2012: £125.6m), the main contributor being a reduction in the Group's loan book values (classified within trade debtors). Profit before tax has increased by 0.2% to £45.2m (2012: £45.1m) due to the fall in turnover being offset by lower cost of funding given the reduction in debt and increases in equity levels. Profit for the year after tax was £34.0m (2012: £31.6m).

In August 2012, the Group renewed and amended the £400m (£378m drawn at 30 June 2012) syndicated loan facility which was in place at the 30 June 2012 year end. The new facility of £245m (£204.5m drawn and available at 30 June 2013) expires on 28 August 2015. In addition, in August 2012, the Group renewed and amended the £288.5m (£288.5m drawn at 30 June 2012) securitisation facility and its associated liquidity lines which were in place at the 30 June 2012 year end. The new facility and its associated liquidity lines of £395.5m (£382m drawn and available at 30 June 2013) expire on 31 July 2015. The net reduction in the total loan facilities available to the Group has been financed through cash reserves.

During the year ended 30 June 2013, the Group relocated to new office premises at Lakeside in Cheadle, Cheshire. The new offices are leased (see note 21) and expenditure on fixtures, fittings and equipment has been capitalised (see note 8).

No dividend was paid for the year ended 30 June 2013 (2012: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have decreased by 3.6% to £980.0m (2012: £1,017.0m). At the same time, shareholders' funds have increased by 10.4% to £360.9m (2012: £327.0m). The gearing ratio (being the ratio of debt to equity) has decreased to 1.31:1 (2012: 1.67:1) reflecting the fact that the Group continues to fund a greater proportion of its loan book through reserves and subordinated debt as opposed to external borrowings. The subordinated debt is treated as 'equity' for the purposes of calculating the Group's gearing ratio.

Liquidity

The ability of the Group to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This increased to 2.1:1 for the year ended 30 June 2013 (2012: 1.9:1).

The Group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Any material deviations are identified and appropriate action taken to ensure that sufficient headroom exists at all times.

Compliance and non-financial KPIs

Certain activities of the Group are regulated by the Financial Conduct Authority, "FCA" (which succeeded the Financial Services Authority, "FSA", on 1 April 2013), including arranging regulated mortgage contracts and

Compliance and non-financial KPIs (continued)

entering into and administering the same. The FCA has prescribed rules, principles and guidance (the "FCA Rules") which certain of our mortgage lending operations must comply with. The FCA Rules include rules that impose, amongst 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 authorised 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 us and Conduct of Business Rules which include "treating customers fairly" obligations which require us, amongst other things, to demonstrate that senior management are taking responsibility for ensuring that we and our staff at all levels deliver the consumer outcomes relevant to our business by establishing and maintaining an appropriate culture and business practices.

In addition, the FCA imposes requirements with regard to the management of customer complaints and the fitness and propriety of individuals (ie approved persons) performing certain functions in our business (ie controlled functions).

Certain credit activities are also regulated by the Office of Fair Trading (OFT), including second charge lending, consumer brokerage and debt collecting. Most second charge mortgages are regulated under the Consumer Credit Act 1974 (CCA) which requires lenders to hold a consumer credit license (a "CCL") and sets out a range of consumer protection requirements in relation to the advertising and marketing of loans, the form, content and execution of credit agreements, pre-contractual and post-contractual disclosure requirements, default and termination, the taking of securities and judicial controls over the enforcement of debts. The OFT has issued specific guidance for the second charge lending industry covering the topics set out above and there is also general guidance that second charge lenders are subject to, most notably the OFT Debt Collection Guidance and the Irresponsible Lending Guidance. In addition, our consumer credit and debt collection activities are subject to an obligation to act fairly, as set out in the Consumer Protection from Unfair Trading Regulations 2008.

Employees undertake appropriate training which is supported by operational quality assurance, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance, including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes, along with employee and customer feedback including the assessment and understanding of complaints received.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to changes in the economic position of its customers, which may adversely impact their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as house prices, as well as by factors relating to specific customers, such as a change in the borrower's circumstances. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, credit worthiness and loan to property value ratios, and throughout the life of the loan, via monitoring of arrears levels, property loan to value ratios and by applying macro-economic sensitivity analysis.

Interest rate risk

The Group's loan book consists primarily of variable rate mortgages. This is matched by the Group's funding facilities which are subject to monthly movements in the external costs of funds. In addition, the Group has the ability to undertake hedging transactions in order to mitigate potential interest rate risk.

Liquidity and funding risk

The Group actively monitors and considers compliance with its funding covenants, including formal monthly reporting and by performing stress test analysis as part of the budgeting and forecasting process.

Regulatory risk

As discussed above, the Group undertakes activities which are regulated by the FCA and the OFT. The directors support and monitor compliance with applicable regulations including those set forward by the FCA and OFT.

The Group has in place a governance and management structure that provides effective risk management, supports decision making and provides strong oversight over our business activities. As part of the Group's governance and management structure, we have a three-tiered risk management framework, the "3 Lines of Defence" model, to help ensure that risk management and adherence to regulatory compliance is integral to all business activities and decision-making processes. The first line of defence comprises all managers and staff, including the Chief Executive Officer, as well as our operational committees, including the Executive, Treating Customers Fairly ("TCF") and Fraud Committees and the Credit Risk Arrears Forum. The second line of defence comprises risk, compliance, legal and financial control functions, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees. The third line of defence includes our internal audit function, our Audit, Risk and Compliance Committee and the Board of Directors.

Exchange rate risk

All the Group's activities are in sterling and are not subject to exchange rate risk.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training or arrangements are made. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ENVIRONMENT

As the Group operates in the financial services sector, its actions do not have a significant environmental impact. However, the Group does recognise the importance of the environment, and acts to minimise its impact wherever it can, including recycling and reducing energy consumption.

SUPPLIER PAYMENT POLICY

The Group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions agreed with the suppliers. Creditor days for the Group were on average 25 days (2012: 22 days).

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

STATEMENT OF GOING CONCERN (continued)

The directors of the Group have considered the Group's forecast funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the company's financial statements on a going concern basis is appropriate.

On the basis that the Group has adequate funding as detailed earlier, together with its current performance and financial position, the directors have a reasonable expectation that the Group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year except as noted on page 1.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Gary Beckett
Director

September 12, 2013

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 2013 which comprise the Group Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Group 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. 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 2013 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 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.

Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

September 12, 2013

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2013

	Note	2013 £'000	2012 £'000
TURNOVER	2	121,516	125,629
Cost of sales		(3,532)	(5,163)
GROSS PROFIT		117,984	120,466
Administrative expenses		(30,271)	(28,086)
Other operating income		3	—
OPERATING PROFIT		87,716	92,380
Gain on sale of investment properties		5	—
Interest payable and similar charges	3	(42,652)	(47,393)
Interest receivable and similar income	3	93	68
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	45,162	45,055
Tax on profit on ordinary activities	5	(11,180)	(13,444)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		33,982	31,611
Minority interests	19	(23)	(34)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	33,959	31,577

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 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Investment properties	7	228	228
Tangible assets	8	4,134	2,470
Investments	9	13	13
		4,375	2,711
CURRENT ASSETS			
Stocks	10	1,381	1,381
Debtors			
- due within one year	11	292,147	312,153
- due after one year	11	692,055	708,321
Investments	12	110	111
Cash at bank and in hand		12,592	45,242
		998,285	1,067,208
CREDITORS: Amounts falling due within one year	13	(82,976)	(682,710)
NET CURRENT ASSETS		915,309	384,498
TOTAL ASSETS LESS CURRENT LIABILITIES		919,684	387,209
CREDITORS: Amounts falling due after more than one year	14	(558,523)	(60,030)
NET ASSETS		361,161	327,179
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	341,934	307,975
SHAREHOLDERS' FUNDS	18	360,915	326,956
Minority interests	19	246	223
TOTAL CAPITAL EMPLOYED		361,161	327,179

These financial statements were approved by the Board of Directors on September 12, 2013.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
As at 30 June 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Investments	9	10,051	10,001
CURRENT ASSETS			
Debtors			
- due within one year	11	450	294
- due after one year	11	329,185	416,186
Cash at bank and in hand		15,232	48,714
		344,867	465,194
CREDITORS: Amounts falling due within one year	13	(54,737)	(382,962)
NET CURRENT ASSETS		290,130	82,232
TOTAL ASSETS LESS CURRENT LIABILITIES		300,181	92,233
CREDITORS: Amounts falling due after more than one year	14	(213,018)	(60,000)
NET ASSETS		87,163	32,233
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	3,628
SHAREHOLDERS' FUNDS		87,163	32,233

These financial statements were approved by the Board of Directors on September 12, 2013.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2013

	Note	2013 £'000	2012 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20a	123,914	155,091
Returns on investments and servicing of finance	20d	(55,308)	(46,918)
Taxation		(13,898)	(9,900)
Capital expenditure and financial investment	20d	(2,227)	(1,901)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		52,481	96,372
Management of liquid resources	20d	4	—
Financing	20d	(85,135)	(55,841)
(DECREASE)/INCREASE IN CASH IN THE YEAR	20c	(32,650)	40,531

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2013

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 (formerly Privileged Properties (Northern) Limited)
General Allied Properties Limited
Heywood Finance Limited
Heywood Leasing Limited
Jerrold FinCo PLC (formerly Finance Your Property Limited)
Manchester Property Investments Limited
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 £54.9m (2012: £nil) due to dividends paid by subsidiary companies to Jerrold Holdings Limited.

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	15% straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	20% straight-line on cost
Computer equipment	33% 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 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

Interest-bearing bank loans 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

	2013 £'000	2012 £'000
Interest payable and similar charges		
Bank loans and overdrafts	(42,570)	(47,303)
Other interest	(82)	(90)
	(42,652)	(47,393)

	2013 £'000	2012 £'000
Interest receivable and similar income		
Bank and other interest	91	60
Other interest	2	8
	93	68

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	776	292
Held under hire purchase contracts	45	—
Profit on sale of investment properties	(5)	—
(Profit)/loss on sale of fixed assets	(4)	3
Operating lease rentals		
Land and buildings	1,360	420
Auditor's remuneration		
Fees payable to the auditor for the audit of the company's accounts	46	46
Fees payable to the auditor in respect of the audit of the company's subsidiaries	16	18
For non-audit services – Taxation	64	47
For non-audit services – Other services	268	175

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2013 £'000	2012 £'000
Current tax		
Corporation tax	11,033	11,796
Adjustment in respect of previous years	142	1,359
Total current tax	11,175	13,155
Deferred tax		
Origination and reversal of timing differences	86	257
Adjustment in respect of prior years	(137)	32
Effect of change of tax rates	56	—
Total deferred tax (see note 15)	5	289
Total tax on profit on ordinary activities	11,180	13,444

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:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	45,162	45,055
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.75% (2012: 25.5%)	10,726	11,490
Effects of:		
Expenses not deductible for tax purposes	395	464
Non-deductible provision relating to capital item	—	545
Income not taxable	(2)	(552)
Capital allowances in excess of depreciation	(32)	(63)
Tax rate difference	—	(2)
Other timing differences	(54)	(86)
Adjustments in respect of previous years	142	1,359
Group current tax charge for year	11,175	13,155

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2013 Number	2012 Number
Management and administration		
- full time	326	323
- part time	23	14
	349	337

	2013 £'000	2012 £'000
Their aggregate remuneration comprised:		
Wages and salaries	12,991	12,915
Social security costs	1,370	1,290
Pension costs	577	455
	14,938	14,660
Directors' remuneration:		
Emoluments	2,382	2,205
Company contributions to personal pension schemes	143	75
	2,525	2,280

The emoluments of the highest paid director were £728,750 (2012: £723,750) including £nil (2012: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	2013 £'000	2012 £'000
Valuation		
Investment properties	228	228

If investment properties had not been revalued, they would have been included in the balance sheet at £207,000 (2012: £207,000).

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2012	2,974	986	3,960
Additions	2,466	51	2,517
Disposals	(883)	(150)	(1,033)
At 30 June 2013	4,557	887	5,444
Depreciation			
At 1 July 2012	988	502	1,490
Charge for the year	702	119	821
Disposals	(883)	(118)	(1,001)
At 30 June 2013	807	503	1,310
Net book value			
At 30 June 2013	3,750	384	4,134
At 30 June 2012	1,986	484	2,470

The net book value of tangible fixed assets includes £262,000 (2012: £60,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
At 1 July 2012	13	10,001
Additions	—	50
At 30 June 2013	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 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 (formerly Privileged Properties (Northern) Limited)	100%	Non trading
Jerrold FinCo PLC (formerly Finance Your Property Limited)	100%	Non trading
Monarch Recoveries Limited	100%	Non trading
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 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

	2013 £'000	2012 £'000
Properties		
- held for resale	1,381	1,381

11. DEBTORS

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts falling due within one year:				
Trade debtors	289,185	309,900	—	—
Amounts owed by related companies	56	92	9	9
Other debtors	422	423	—	—
Prepayments and accrued income	2,484	1,738	441	285
	292,147	312,153	450	294
Amounts falling due after one year:				
Trade debtors	690,798	707,059	—	—
Amounts owed by group undertakings	—	—	329,185	416,186
Deferred taxation (see note 15)	1,257	1,262	—	—
	692,055	708,321	329,185	416,186
	984,202	1,020,474	329,635	416,480

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 £602,703 (2012: £955,303) loaned to August Blake Developments Limited, £4,273,203 (2012: £5,387,759) loaned to Sunnywood Estates Limited and £7,627,824 (2012: £7,244,788) 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 2014.

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2012	111
Disposals	(1)
At 30 June 2013	110

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank loans	52,713	378,000	52,713	378,000
Loan notes	—	267,902	—	—
Obligations under hire purchase contracts	87	20	—	—
Trade creditors	747	818	—	—
Amounts owed to related companies	7	25	—	—
Corporation tax	5,535	8,257	—	—
Other taxation and social security	384	369	—	—
Other creditors	3,942	4,567	1	1
Accruals and deferred income	19,561	22,752	2,023	4,961
	82,976	682,710	54,737	382,962

Amounts due to related companies are in respect of Sproston Green Limited, a company 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank loans	146,914	—	146,914	—
Loan notes	351,513	—	—	—
Subordinated loans	60,000	60,000	60,000	60,000
Amounts owed to group undertakings	—	—	6,104	—
Obligations under hire purchase contracts	96	30	—	—
	558,523	60,030	213,018	60,000

Borrowings are repayable as follows:

	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Within one year	52,800	645,922	52,713	378,000
Between one and two years	498,501	20	146,914	—
Between two and five years	60,022	60,010	60,000	60,000
	611,323	705,952	259,627	438,000

On 28 August 2012, the bank loan facilities were renewed and amended with the extension of the term to 28 August 2015 and the facility as at 30 June 2013 amounted to £204.5m of which £204.5m has been drawn. The Bank Loans of £199.6m as at 30 June 2013 (referred to in note 13 and 14) are net of prepaid fees which are being amortised over the expected duration of the facility.

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. On 28 August 2012, the securitisation facility and its associated liquidity lines was renewed and amended with a new expiry date of 31 July 2015. The loans notes drawn as at 30 June 2013 amounted to £382m. The balance of £351.5m above is net of cash at bank within Charles Street Conduit Asset Backed Securitisation 1 Limited of £25.6m and 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 2016. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax asset	
At 1 July 2012	1,262
Charged to profit and loss account	(142)
Adjustment in respect of prior years	137
At 30 June 2013	1,257

The group has an unrecognised deferred tax liability of £5,028 (2012: £5,398) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2013 £'000	2012 £'000
Depreciation in excess of capital allowances	(4)	38
Other timing differences	1,261	1,224
Deferred tax asset	1,257	1,262

16. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'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 2012	17,527	(9,645)	1,300	21	307,975	317,178
Retained profit for the financial year	—	—	—	—	33,959	33,959
At 30 June 2013	17,527	(9,645)	1,300	21	341,934	351,137

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2012	17,527	1,300	3,628	22,455
Retained profit for the financial year	—	—	54,930	54,930
At 30 June 2013	17,527	1,300	58,558	77,385

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Retained profit for the financial year	33,959	31,577
Opening shareholders' funds	326,956	295,379
Closing shareholders' funds	360,915	326,956

19. MINORITY INTERESTS

	£'000
At 1 July 2012	223
Profit on ordinary activities after taxation	23
At 30 June 2013	246

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating profit	87,716	92,380
Depreciation of tangible fixed assets	821	292
(Profit)/loss on disposal of tangible fixed assets	(4)	3
Profit on disposal of current asset investments	(3)	—
Refinancing costs	—	787
Decrease in stocks	—	2,119
Decrease in debtors	36,417	67,246
Decrease in creditors	(1,033)	(7,736)
Net cash inflow from operating activities	123,914	155,091

20. CASH FLOW INFORMATION (continued)

b) Analysis of net debt

	At 1 July 2012 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 June 2013 £'000
Cash at bank and in hand	45,242	(32,650)	—	12,592
Finance leases	(50)	110	(243)	(183)
Debt due within 1 year	(645,902)	85,029	508,163	(52,710)
Debt due after 1 year	(60,000)	—	(498,431)	(558,431)
Current asset investments	111	(4)	3	110
	(705,841)	85,135	9,492	(611,214)
Net debt	(660,599)	52,485	9,492	(598,622)

c) Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
Decrease/(increase) in cash in year	32,650	(40,531)
Cash outflow from decrease in debt and lease financing	(85,135)	(55,841)
Cash inflow from movements in current asset investments	4	—
Change in net debt resulting from cash flows	(52,481)	(96,372)
New finance leases	243	60
Non-cash movements	(9,739)	—
Movement in net debt in year	(61,977)	(96,312)
Net debt, beginning of year	660,599	756,911
Net debt, end of year	598,622	660,599

d) Analysis of cash flows

	2013 £'000	2012 £'000
Returns on investments and servicing of finance		
Interest received	93	68
Refinancing costs	(17,348)	(294)
Interest paid	(38,053)	(46,692)
Net cash outflow from returns on investments and servicing of finance	(55,308)	(46,918)

	2013 £'000	2012 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,274)	(1,950)
Sales of tangible fixed assets	36	49
Sales of investment properties	11	—
Net cash outflow from capital expenditure and financial investments	(2,227)	(1,901)

	2013 £'000	2012 £'000
Management of liquid resources		
Sale of current asset investments	4	—

	2013 £'000	2012 £'000
Financing		
Repayment of borrowings	(85,026)	(55,831)
Capital element of finance lease payments	(109)	(10)
Net cash outflow from financing	(85,135)	(55,841)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are group capital expenditure commitments of £nil at 30 June 2013 (2012: £1,595,454).

Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease are as follows:

	2013 £'000	2012 £'000
Land and buildings, lease expiring:		
- within one year	59	420
- after five years	1,046	1,137
	1,105	1,557

Derivatives

The group has derivatives which are not included at fair value in the accounts:

	2013 £'000 Fair value	2012 £'000 Fair value	2013 £'000 Principal	2012 £'000 Principal
Interest rate swap contracts	—	(9,792)	—	417,500

The Group's derivatives matured in full during the year. The Group used the derivatives to hedge its exposures to interest rate movements on its bank borrowings and Loan Notes.

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2012: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £576,787 (2012: £454,688).

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:

	2013 £'000	2012 £'000
Operating lease costs – Land and buildings	300	371
Payments to The Blemain Finance Pension Fund	(300)	(371)
	—	—
Amounts due from The Blemain Finance Pension Fund	—	—

23. RELATED PARTY TRANSACTIONS (continued)

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	**2013 £'000**	**2012 £'000**	**2013 £'000**	**2012 £'000**
Sproston Green Limited	7	7	—	—
Centrestand Limited	—	—	19	28
Charles Street Commercial Investments Ltd	—	18	—	37
Sterling Property Co. Limited	—	—	37	27
Bracken House Properties LLP	—	—	—	—
	7	25	56	92

Group transactions with related parties during the year were as follows:

	2013 £'000	2012 £'000
Operating lease costs – Land and buildings due to Bracken House Properties LLP	1,025	—
Insurance costs due to Bracken House Properties LLP	28	—
Payments from the Group to Bracken House Properties LLP	(1,337)	—
Introduction fees due from Charles Street Commercial Investments Ltd	(231)	(212)
Introduction fees paid by Charles Street Commercial Investments Ltd	231	212
Service charges and costs paid on behalf of Sterling Property Co. Limited	(11)	(8)
Repayments from the Group to Charles Street Commercial Investments Ltd	(18)	18
Repayments to the Group from Charles Street Commercial Investments Ltd and Centrestand Limited	47	28
	(266)	38

Prepayments and accrued income (see note 11) include an amount of £284,000 relating to a prepayment of operating lease rentals and insurance costs. Lease commitments of £1,105,000 (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 £562,000 (2012: £686,000). 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 £602,703 (2012: £955,303) loaned to August Blake Developments Limited, £4,273,203 (2012: £5,387,759) loaned to Sunnywood Estates Limited and £7,627,824 (2012: £7,244,788) 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	
Company	**2013 £'000**	**2012 £'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.

JERROLD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2012.

ENHANCED BUSINESS REVIEW

The group's principal activity during the year under review continues to be the provision of secured property finance along with ancillary activities including property investment and development. The directors do not expect any significant change to the activities of the group.

A number of key performance indicators (KPIs) are monitored in order to review and control performance, position and liquidity and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2012 are set out on pages 8 to 28. Group turnover has decreased by 3.6% to £125.6m (2011: £130.3m), the main contributor being a reduction in the group's loan book values (classified within trade debtors). Profit before tax has increased by 15.3% to £45.1m (2011: £39.1m) due to a reduction in administration costs and provisioning levels coupled with lower cost of funds given the reduction in debt and increases in equity levels. Profit for the year after tax was £31.6m (2011: £28.0m).

No dividend was paid for the year ended 30 June 2012 (2011: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have decreased by 6.2% to £1,017.0m (2011: £1,084.2m). At the same time, equity shareholders' funds have increased by 10.7% to £327.0m (2011: £295.4m). The gearing ratio (being the ratio of debt to equity) has decreased to 1.67:1 (2011: 1.97:1) reflecting the fact that the group continues to fund a greater proportion of its loan book through reserves and subordinated debt as opposed to external borrowings. For the purposes of calculating the group's gearing ratio the subordinated debt is treated as 'equity'.

Liquidity

The ability of the group to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This increased to 1.9:1 for the year ended 30 June 2012 (2011: 1.8:1).

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Any material deviations are identified and appropriate action taken to ensure that sufficient headroom exists at all times.

Compliance and non-financial KPIs

The directors support and monitor compliance with the Financial Services Authority and Consumer Credit Act regulations. Employees undertake appropriate training which is supported by operational quality assurance, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes along with employee and customer feedback including the assessment and understanding of complaints received.

POST BALANCE SHEET EVENTS

On 28 August 2012, the group renewed and amended the £400m (£378m drawn) syndicated loan facility which was in place at the year end and which was due to expire in November 2012. The new facility of £245m (£240m drawn) expires on 28 August 2015. In addition, on 28 August 2012, the group renewed and amended the £288.5m (£288.5m drawn) securitisation facility and its associated liquidity lines which were in place at the year end and which were due to expire in November 2012. The new facility and its associated liquidity lines of £395.5m (£395.5m drawn) expire on 31 July 2015. The net reduction in the total loan facilities available to the group has been financed through cash reserves.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to changes in economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as house prices, as well as by factors relating to specific customers, such as a change in borrowers circumstances. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, credit worthiness and loan to property value ratios and throughout the life of the loan via monitoring of arrears levels, property loan to value ratios and by applying macroeconomic sensitivity analysis.

Interest rate risk

The Group's loan book consists primarily of variable rate mortgages. This is matched by the group's funding facilities which are subject to monthly movements in the external costs of funds. In addition the group has the ability to undertake hedging transactions in order to mitigate potential interest rate risk.

Liquidity and funding risk

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels to ensure that sufficient headroom exists at all times.

Group funding at 30 June 2012 consisted of a £378m drawn syndicated loan facility due for renewal on the 9 November 2012, a £288.5m drawn revolving securitisation facility which was supported by a 364 day liquidity facility which was due for renewal on 11 November 2012 and shareholders' funds of £387m which includes subordinated loan notes of £60m maturing on 15 September 2016.

On the 28 August 2012 the group renewed and amended its syndication facility with the new facility expiring on the 28 August 2015. Also on the 28 August 2012 the group renewed and amended its securitisation facility with the new facility expiring on the 31 July 2015.

The group actively monitors and considers compliance with funding covenants, including formal monthly reporting and by performing stress test analysis as part of the budgeting and forecasting process.

Regulatory risk

The group undertakes activities which are currently regulated by the Financial Services Authority (FSA) and the Office of Fair Trading (OFT). The Government is reforming the regulatory structure in place and in 2013 it is expected that the Financial Conduct Authority (FCA) will become the successor of the FSA.

The group continues to maintain its risk, compliance and internal audit functions as part of its corporate governance structure and undertakes quality assurance at an operational level. It also uses third party specialist advisors to support its business operations.

Exchange rate risk

All the group's activities are in sterling and are not subject to exchange rate risk.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training or arrangements are made. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ENVIRONMENT

As the group operates in the financial services sector, its actions do not have a significant environmental impact. However, the group does recognise the importance of the environment, and acts to minimise its impact wherever it can, including recycling and reducing energy consumption.

SUPPLIER PAYMENT POLICY

The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions agreed with the suppliers. Creditor days for the group were on average 22 days (2011: 18 days).

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the Group have considered the group's forecast funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the company's financial statements on a going concern basis is appropriate.

On 28 August 2012, the group renewed and amended the £400m (£378m drawn) syndicated loan facility which was in place at the year end and which was due to expire in November 2012. The new facility of £245m (£240m drawn) expires on 28 August 2015. In addition, on 28 August 2012, the group and the company renewed and amended the £288.5m (£288.5m drawn) securitisation facility and its association liquidity lines which was in place at the year end and which was due to expire in November 2012. The new facility and its associated liquidity lines of £395.5m (£395.5m drawn) expire on 31 July 2015.

The group syndicated loan facility is made between The Royal Bank of Scotland plc, Lloyds TSB Bank plc, National Australia Bank Limited and Co-operative Bank plc (as Mandated Lead arrangers), The Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading, non trading and dormant group subsidiary companies as listed in the notes to the accounts.

The securitisation facility is made between: Charles Street Conduit Asset Backed Securitisation 1 Limited, as Loan Purchaser and Note Issuer; The Royal Bank of Scotland plc as Facility Agent, Liquidity Facility provider, Standby Cash Administrator and Security Trustee; Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators, Servicers and Subscription Noteholders; Jerrold Holdings Limited as Cash Administrator and Guarantor; National Westminster Bank plc as Account Bank; Thames Asset Global Securitization No.1 INC, National Australia Bank Limited and Lloyds TSB Bank plc and its affiliate as Loan Note Purchasers; and Lloyds TSB Bank Plc as its affiliate's Agent.

The group has liabilities due within one year greater than assets due within one year as a result of the loan notes (and associated liquidity lines) being classified as current liabilities at year end. As detailed above, these facilities were successfully renewed on 28 August 2012.

STATEMENT OF GOING CONCERN (continued)

On the basis that the group has adequate funding as detailed above, together with its current performance and financial position, the directors have a reasonable expectation that, despite the continued economic conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year and subsequently.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M.J. Ridley
Secretary

25 October 2012

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 financial statements of Jerrold Holdings Limited for the year ended 30 June 2012 which comprise the group Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the group 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. 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 2012 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 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.

Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

26 October 2012

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2012

	Note	2012 £'000	2011 £'000
TURNOVER	2	125,629	130,320
Cost of sales		(5,163)	(4,396)
GROSS PROFIT		120,466	125,924
Administrative expenses		(28,086)	(35,315)
OPERATING PROFIT		92,380	90,609
Loss on sale of investment properties		—	(54)
Interest payable and similar charges	3	(47,393)	(51,551)
Interest receivable and similar income	3	68	66
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	45,055	39,070
Tax on profit on ordinary activities	5	(13,444)	(11,117)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		31,611	27,953
Minority interests	19	(34)	16
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	31,577	27,969

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 2012

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Investment properties	7	228	228
Tangible assets	8	2,470	803
Investments	9	13	13
		2,711	1,044
CURRENT ASSETS			
Stocks	10	1,381	3,500
Debtors			
- due within one year	11	312,153	333,846
- due after one year	11	708,321	754,656
Investments	12	111	111
Cash at bank and in hand		45,242	4,711
		1,067,208	1,096,824
CREDITORS: Amounts falling due within one year	13	(682,710)	(364,300)
NET CURRENT ASSETS		384,498	732,524
TOTAL ASSETS LESS CURRENT LIABILITIES		387,209	733,568
CREDITORS: Amounts falling due after more than one year	14	(60,030)	(438,000)
NET ASSETS		327,179	295,568
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	307,975	276,398
SHAREHOLDERS' FUNDS	18	326,956	295,379
Minority interests	19	223	189
TOTAL CAPITAL EMPLOYED		327,179	295,568

These financial statements were approved by the Board of Directors on 25 October 2012.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
As at 30 June 2012

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Investments	9	10,001	10,001
CURRENT ASSETS			
Debtors			
- due within one year	11	294	887
- due after one year	11	416,186	454,780
Cash at bank and in hand		48,714	8,788
		465,194	464,455
CREDITORS: Amounts falling due within one year	13	(382,962)	(4,223)
NET CURRENT ASSETS		82,232	460,232
TOTAL ASSETS LESS CURRENT LIABILITIES		92,233	470,233
CREDITORS: Amounts falling due after more than one year	14	(60,000)	(438,000)
NET ASSETS		32,233	32,233
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	3,628	3,628
EQUITY SHAREHOLDERS' FUNDS		32,233	32,233

These financial statements were approved by the Board of Directors on 25 October 2012.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2012

	Note	2012 £'000	2011 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20a	155,091	123,114
Returns on investments and servicing of finance	20d	(46,918)	(51,506)
Taxation		(9,900)	(12,225)
Capital expenditure and financial investment	20d	(1,901)	(276)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING		96,372	59,107
Financing	20d	(55,841)	(60,938)
INCREASE/(DECREASE) IN CASH IN THE YEAR	20c	40,531	(1,831)

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
Proactive Bridging Limited
Heywood Leasing Limited
Manchester Property Investments Limited
Northwestern Properties & Developments Limited
Phone-a-loan Limited
Privileged Estates Limited
Provincial & Northern Properties Limited
Privileged Properties (Northern) 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 (2011: £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	15% straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	20% straight-line on cost
Computer equipment	33% 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.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the profit and loss account, over the period of the agreement in proportion to the balance of capital repayments outstanding.

1. ACCOUNTING POLICIES (continued)

Leased assets (continued)

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

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. 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

Interest-bearing bank loans are recorded at the proceeds received with direct issue costs included in Prepayments and accrued income. 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

	2012 £'000	2011 £'000
Interest payable and similar charges		
Bank loans and overdrafts	(47,303)	(51,551)
Other interest	(90)	—
	(47,393)	(51,551)

	2012 £'000	2011 £'000
Interest receivable and similar income		
Bank and other interest	60	61
Other interest	8	5
	68	66

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	292	315
Held under hire purchase contracts	—	3
Loss on sale of investment properties	—	54
Loss/(Profit) on sale of fixed assets	3	(5)
Operating lease rentals		
Land and buildings	420	415
Auditors' remuneration		
Fees payable to the auditor for the audit of the company's accounts	46	44
Fees payable to the auditor in respect of the audit of the company's subsidiaries	18	13
For non-audit services – Taxation	47	30
For non-audit services – Other services	175	157

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2012 £'000	2011 £'000
Current tax		
Corporation tax	11,796	10,902
Adjustment in respect of previous years	1,359	16
Total current tax	13,155	10,918
Deferred tax		
Origination and reversal of timing differences	257	207
Adjustment in respect of prior years	32	(8)
Total deferred tax (see note 15)	289	199
Total tax on profit on ordinary activities	13,444	11,117

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:

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	45,055	39,070
Tax on profit on ordinary activities at standard UK corporation tax rate of 25.5% (2011: 27.5%)	11,490	10,744
Effects of:		
Expenses not deductible for tax purposes	464	76
Non deductible provision relating to capital item	545	203
Income not taxable	(552)	(29)
Capital allowances in excess of depreciation	(63)	(35)
Tax rate difference	(2)	(7)
Other timing differences	(86)	(50)
Adjustments in respect of previous years	1,359	16
Group current tax charge for year	13,155	10,918

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2012 Number	2011 Number
Management and administration		
- full time	323	315
- part time	14	14
	337	329

	2012 £'000	2011 £'000
Their aggregate remuneration comprised:		
Wages and salaries	12,915	12,074
Social security costs	1,290	1,163
Pension costs	455	255
	14,660	13,492
Directors' remuneration:		
Emoluments	2,205	2,241
Company contributions to personal pension schemes	75	43
	2,280	2,284

The emoluments of the highest paid director were £723,750 (2011: £708,750) including £nil (2011: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2011	228
Disposals	—
At 30 June 2012	228

If investment properties had not been revalued, they would have been included in the balance sheet at £207,000 (2011: £207,000). The investment properties were valued on an open market basis by Roger Hannah & Co. an external Valuer and member of the Royal Institute of Chartered Surveyors on 30 June 2005. The directors have considered the current valuation and do not consider it to be materially different to the external valuation.

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2011	1,482	1,073	2,555
Additions	1,893	118	2,011
Disposals	(401)	(205)	(606)
At 30 June 2012	2,974	986	3,960
Depreciation			
At 1 July 2011	1,250	502	1,752
Charge for the year	137	155	292
Disposals	(399)	(155)	(554)
At 30 June 2012	988	502	1,490
Net book value			
At 30 June 2012	**1,986**	**484**	**2,470**
At 30 June 2011	232	571	803

The net book value of tangible fixed assets includes £60,000 (2011: £nil) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
Balance at 1 July 2011 and 30 June 2012	13	10,001

a) Subsidiary undertakings

Principal 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 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
Monarch Recoveries Limited	100%	Non trading
Northwestern Properties & Developments Limited	100%	Non trading
Privileged Estates Limited	100%	Non trading
Privileged Properties (Northern) Limited	100%	Non trading
Provincial & Northern Properties Limited	100%	Non trading
Supashow Limited	100%	Non trading

9. FIXED ASSET INVESTMENTS (continued)

Dormant subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property 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 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

	2012 £'000	2011 £'000
Properties		
- held for resale	1,381	3,500

There is no material difference between the balance sheet value of stocks and their replacement cost. During the year, properties with a cost of £nil (2011: £nil) were transferred to stock from investment properties.

11. DEBTORS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year:				
Trade debtors	309,900	331,084	—	—
Amounts owed by related companies	92	115	9	9
Other debtors	423	453	—	—
Prepayments and accrued income	1,738	2,194	285	878
	312,153	333,846	294	887
Amounts falling due after one year:				
Trade debtors	707,059	753,105	—	—
Amounts owed by group undertakings	—	—	416,186	454,780
Deferred taxation (see note 15)	1,262	1,551	—	—
	708,321	754,656	416,186	454,780
	1,020,474	1,088,502	416,480	455,667

Trade debtors include amounts due in respect of loans provided during the normal course of business. Amounts owed by related companies are in respect of August Blake Developments Limited, Charles Street Commercial Investments Limited, Centrestand Limited and Sterling Property Co. Limited, companies in which H N Moser is a director and shareholder (see note 23). Also included in trade debtors is an amount of £955,303 (2011: £1,270,303) loaned to August Blake Developments Limited, £5,387,759 (2011: £5,536,023) loaned to Sunnywood Estates Limited and £7,244,788 (2011: £4,976,787) 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.

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2013.

12. CURRENT ASSET INVESTMENTS

	2012 £'000	2011 £'000
Investments	111	111

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loans	378,000	—	378,000	—
Loan notes	267,902	323,733	—	—
Obligations under hire purchase contracts	20	—	—	—
Trade creditors	818	411	—	—
Amounts owed to related companies	25	10	—	—
Corporation tax	8,257	5,002	—	—
Other taxation and social security	369	369	—	—
Other creditors	4,567	8,113	1	8
Accruals and deferred income	22,752	26,662	4,961	4,215
	682,710	364,300	382,962	4,223

The loans notes drawn as at 30 June 2012 amounted to £288.5m. The balance of £267.9m above is net of cash at bank within Charles Street Conduit Asset Backed Securitisation 1 Limited of £20.6m.

Amounts due to related companies are in respect of August Blake Developments Limited, Charles Street Commercial Investments Limited and Sproston Green Limited companies in which H.N. Moser is a director, shareholder or partner (see note 23).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loans	—	378,000	—	378,000
Subordinated loans	60,000	60,000	60,000	60,000
Obligations under hire purchase contracts	30	—	—	—
	60,030	438,000	60,000	438,000

Borrowings are repayable as follows:

	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Within one year	645,922	323,733	378,000	—
Between one and two years	20	378,000		378,000
Between two and five years	60,010	—	60,000	—
In more than five years	—	60,000	—	60,000
	705,952	761,733	438,000	438,000

The bank loans were provided through a £400m revolving syndicated facility with interest charged at a market rate. The loans were secured through a fixed and a floating debenture on the assets of the group and the facility was due for repayment in November 2012. On 28 August 2012, the facilities were renewed and amended with the extension of the term to 28 August 2015 and a new facility amount of £245m of which £240m has been drawn.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

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. All loan notes revolve within a three month period and were, where appropriate, supported by a revolving liquidity line which was due for renewal in November 2012. On 28 August 2012, the securitisation facility and its associated liquidity lines was renewed and amended with a new expiry date of 31 July 2015.

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 2016. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax asset	
At 1 July 2011	1,551
Charged to profit and loss account	(289)
At 30 June 2012	1,262

The group has an unrecognised deferred tax liability of £5,398 (2011: £5,775) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2012 £'000	2011 £'000
Depreciation in excess of capital allowances	38	138
Other timing differences	1,224	1,413
Deferred tax asset	1,262	1,551

16. CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'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
8,699,935 A deferred ordinary shares of 0.1 pence each	9	9
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,009	10,009
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 2011	17,527	(9,645)	1,300	21	276,398	285,601
Retained profit for the financial year	—	—	—	—	31,577	31,577
At 30 June 2012	17,527	(9,645)	1,300	21	307,975	317,178

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2011	17,527	1,300	3,628	22,455
Retained profit for the financial year	—	—	—	—
At 30 June 2012	17,527	1,300	3,628	22,455

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Retained profit for the financial year	31,577	27,969
Opening shareholders' funds	295,379	267,410
Closing shareholders' funds	326,956	295,379

19. MINORITY INTERESTS

	2012 £'000
At 1 July 2011	189
Profit on ordinary activities after taxation	34
At 30 June 2012	223

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating profit	92,380	90,609
Depreciation of tangible fixed assets	292	318
Loss/(Profit) on disposal of tangible fixed assets	3	(5)
Refinancing costs	787	605
Decrease in stocks	2,119	763
Decrease in debtors	67,246	37,151
Decrease in creditors	(7,736)	(6,327)
Net cash inflow from operating activities	155,091	123,114

20. CASH FLOW INFORMATION (continued)

b) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Other non-cash changes £'000	End of year £'000
Cash at bank and in hand	4,711	40,531	—	45,242
Finance leases	—	10	(60)	(50)
Debt due within 1 year	(323,733)	55,831	(378,000)	(645,902)
Debt due after 1 year	(438,000)	—	378,000	(60,000)
Current asset investments	111	—	—	111
	(761,622)	55,841	(60)	(705,841)
Net debt	(756,911)	96,372	(60)	(660,599)

c) Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
(Increase)/Decrease in cash in year	(40,531)	1,831
Cash outflow from decrease in debt and lease financing	(55,841)	(60,938)
Change in net debt resulting from cash flows	(96,372)	(59,107)
New finance leases	60	—
Movement in net debt in year	(96,312)	(59,107)
Net debt, beginning of year	756,911	816,018
Net debt, end of year	660,599	756,911

d) Analysis of cash flows

	2012 £'000	2011 £'000
Returns on investments and servicing of finance		
Interest received	68	66
Refinancing costs	(294)	—
Interest paid	(46,692)	(51,572)
Net cash outflow from returns on investments and servicing of finance	(46,918)	(51,506)

	2012 £'000	2011 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,950)	(631)
Sales of tangible fixed assets	49	144
Sales of investment properties	—	211
Net cash outflow from capital expenditure and financial investments	(1,901)	(276)

	2012 £'000	2011 £'000
Financing		
Repayment of borrowings	(55,831)	(60,925)
Capital element of finance lease payments	(10)	(13)
Net cash outflow from financing	(55,841)	(60,938)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are group capital expenditure commitments of £1,595,454 at 30 June 2012 (2011: £nil).

Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease are as follows:

	2012 £'000	2011 £'000
Land and buildings, lease expiring:		
- within one year	420	—
- between two and five years	—	429
- after five years	1,137	—
	1,557	429

Derivatives

The group has derivatives which are not included at fair value in the accounts:

	2012 £'000 Fair Value	2012 £'000 Principal	2011 £'000 Principal
Interest rate swap contracts	(9,792)	417,500	604,500

The group uses the derivatives to hedge its exposures to interest rate movements on its bank borrowings and Loan Notes. The fair values are based on market values of equivalent instruments at the balance sheet date.

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2011: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £454,688 (2011: £255,258).

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:

	2012 £'000	2011 £'000
Operating lease costs – Land and buildings	371	367
Costs paid on behalf of scheme	—	(5)
Amounts received on behalf of scheme	—	7
Payments to The Blemain Finance Pension Fund	(371)	(368)
	—	1
Amounts due from The Blemain Finance Pension Fund	—	—

23. RELATED PARTY TRANSACTIONS (continued)

The following balances with related parties existed at the year end:

Group	Balances due to 2012 £'000	Balances due to 2011 £'000	Balances due from 2012 £'000	Balances due from 2011 £'000
Sproston Green Limited	7	7	—	—
August Blake Developments Limited	—	3	—	4
Centrestand Limited	—	—	28	23
Charles Street Commercial Investments Ltd	18	—	37	37
Sterling Property Co. Limited	—	—	27	51
	25	10	92	115

Group transactions with related parties during the year were as follows:

	2012 £'000	2011 £'000
Service charges and costs paid on behalf of August Blake Developments Limited, Centrestand Limited, Charles Street Commercial Investments Ltd and Sterling Property Co. Limited	8	60
Treasury receipts from Charles Street Commercial Investments Ltd	(18)	—
Repayments to the company from August Blake Developments Limited and Sterling Property Co. Limited	(28)	(40)
	(38)	20

The lease commitment of £1,137,000 referred to in Note 21 is between Jerrold Holdings Limited and Bracken House Properties LLP of which H.N. Moser is the majority owner.

Company	Balances due from 2012 £'000	Balances due from 2011 £'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.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2011.

ENHANCED BUSINESS REVIEW

The group's principal activity during the year under review continues to be the provision of secured property finance along with ancillary activities including property investment and development.

A number of key performance indicators (KPIs) on performance, position, liquidity and compliance are closely monitored in order to ensure effective control of the business and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2011 are set out on pages 7 to 27. Group turnover has decreased to £130.3m (2010: £135.6m), the main contributor being a reduction in the group's loan book values (classified within trade debtors). Profit before tax has decreased to £39.1m (2010: £44.1m) due to the reduction in loan book values and an increase in the cost of funding. Profit for the year after tax was £28.0m (2010: 31.9m).

No dividend was paid for the year ended 30 June 2011 (2010: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have decreased to £1,084.2m (2010: £1,121.3m). At the same time, equity shareholders' funds have increased by 10.5% to £295.4m (2010: £267.4m). The gearing ratio (being the ratio of debt to equity) has decreased to 1.97:1 (2010: 2.33:1) reflecting the fact that the group continues to fund a greater proportion of its loan book through reserves and subordinated debt as opposed to external borrowings. For the purposes of calculating the group's gearing ratio (and in line with its banking covenants) the subordinated debt is treated as 'equity'.

Liquidity

The ability of the group to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This was 1.8:1 for the year ended 30 June 2011 (2010: 1.9:1).

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Material deviations are quickly determined and appropriate action taken to ensure that sufficient headroom exists at all times.

Compliance and non-financial KPIs

The directors support and monitor compliance with the Financial Services Authority and Consumer Credit Act regulations. Employees undertake appropriate training which is supported by quality assurance reviews, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes along with employee and customer feedback including the monitoring and understanding of complaints received.

In addition the directors monitor certain other non financial KPI's, relating to employee consultation and involvement, and the environment, which are further detailed below.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The group is exposed to changes in the economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as levels of consumer indebtedness, as well as by factors relating to specific customers, such as becoming unemployed. Credit risk is managed at loan inception via stringent underwriting policies with regard to affordability ratios and debt to security valuation levels, and throughout the life of the loan via monitoring of arrears levels, customers' circumstances and debt to security valuation position.

PRINCIPAL RISK AND UNCERTAINTIES (continued)

Interest rate risk

The group is financed by variable rate facilities. Interest rate risk is managed through the use of hedging instruments.

Liquidity and funding risk

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels to ensure that sufficient headroom exists at all times.

Current group funding consists of a £378m drawn syndicated loan facility due for renewal on the 9 November 2012, a £323m drawn revolving securitisation facility which is supported by a 364 day liquidity facility which is due for renewal on 11 November 2011 and shareholders' funds of £355m which includes subordinated loan notes of £60m maturing on 15 September 2016.

Based on recent successful renewal experience, current discussions and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised liquidity facility will be renewed substantially in the same form as forecast.

The group actively monitors and considers compliance with funding covenants, including formal month reporting and by performing stress testing and headroom analysis as part of the budgeting and forecasting process.

Regulatory risk

The group undertakes activities which are regulated by the Financial Services Authority and the Office of Fair Trading. The group continues to enhance its quality assurance, compliance and internal audit functions as part of its ongoing focus on developing a robust and effective corporate governance structure. It also uses third party specialist advisors to support its business operations.

Exchange rate risk

All the group's activities are in sterling and are not subject to exchange rate risk.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training or arrangements are made. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ENVIRONMENT

As the group operates in the financial services sector, its actions do not have a significant environmental impact. However, the group does recognise the importance of the environment, and acts to minimise its impact wherever it can, including recycling and reducing energy consumption.

SUPPLIER PAYMENT POLICY

The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions agreed with the suppliers. Creditor days for the group were on average 18 days (2010: 12 days).

SUPPLIER PAYMENT POLICY (continued)

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors of the group have considered the group's forecast funding and liquidity facilities insofar as to the extent to which they might affect the preparation of the group's financial statements on a going concern basis.

Current group funding consists of a £378m drawn syndicated loan facility (made between The Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in the notes of these accounts) and a £323m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, The Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers).

The syndicated facility is due for renewal on 9 November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2011. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast.

On this basis the directors have a reasonable expectation that, despite the uncertainty in market conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the group have adopted the going concern basis in preparing financial statements.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year and subsequently, except as noted on page 1.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M.J. Ridley — 27 October 2011
Secretary

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 financial statements of Jerrold Holdings Limited for the year ended 30 June 2011 which comprise the group Profit and Loss Account, the group 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 auditors' 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 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. 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 2011 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 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.

Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

27 October 2011

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	130,320	135,619
Cost of sales		(4,396)	(4,445)
GROSS PROFIT		125,924	131,174
Administrative expenses		(35,315)	(37,203)
OPERATING PROFIT		90,609	93,971
Loss on sale of investment properties		(54)	—
Interest payable and similar charges	3	(51,551)	(49,892)
Interest receivable and similar income	3	66	36
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	39,070	44,115
Tax on profit on ordinary activities	5	(11,117)	(12,283)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		27,953	31,832
Minority interests	19	16	22
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	27,969	31,854

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 statement of total recognised gains and losses has not been presented.

JERROLD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 June 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Investment properties	7	228	493
Tangible assets	8	803	630
Investments	9	13	13
		1,044	1,136
CURRENT ASSETS			
Stocks	10	3,500	4,263
Debtors			
- due within one year	11	333,846	350,724
- due after one year	11	754,656	775,731
Investments	12	111	111
Cash at bank and in hand		4,711	6,542
		1,096,824	1,137,371
CREDITORS: Amounts falling due within one year	13	(364,300)	(432,892)
NET CURRENT ASSETS		732,524	704,479
TOTAL ASSETS LESS CURRENT LIABILITIES		733,568	705,615
CREDITORS: Amounts falling due after more than one year	14	(438,000)	(438,000)
NET ASSETS		295,568	267,615
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	141
Profit and loss account	17	276,398	248,309
SHAREHOLDERS' FUNDS	18	295,379	267,410
Minority interests	19	189	205
TOTAL CAPITAL EMPLOYED		295,568	267,615

These financial statements were approved by the Board of Directors on 27 October 2011.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
As at 30 June 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Investments	9	10,001	10,001
CURRENT ASSETS			
Debtors			
- due within one year	11	887	1,595
- due after one year	11	454,780	451,312
Cash at bank and in hand		8,788	11,435
		464,455	464,342
CREDITORS: Amounts falling due within one year	13	(4,223)	(4,110)
NET CURRENT ASSETS		460,232	460,232
TOTAL ASSETS LESS CURRENT LIABILITIES		470,233	470,233
CREDITORS: Amounts falling due after more than one year	14	(438,000)	(438,000)
NET ASSETS		32,233	32,233
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	3,628	3,628
EQUITY SHAREHOLDERS' FUNDS		32,233	32,233

These financial statements were approved by the Board of Directors on 27 October 2011.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2011

	Note	2011 £'000	2010 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20a	123,114	111,649
Returns on investments and servicing of finance	20d	(51,506)	(49,663)
Taxation		(12,225)	(16,657)
Capital expenditure and financial investment	20d	(276)	(93)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING		59,107	45,236
Financing	20d	(60,938)	(37,247)
(DECREASE)/INCREASE IN CASH IN THE YEAR	20c	(1,831)	7,989

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
Proactive Bridging Limited
Heywood Leasing Limited
Manchester Property Investments Limited
Northwestern Properties & Developments Limited
Phone-a-loan Limited
Privileged Estates Limited
Provincial & Northern Properties Limited
Privileged Properties (Northern) 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 (2010: £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	15% straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	20% straight-line on cost
Computer equipment	33% 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.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are included in the balance sheet and depreciated in accordance with the group's normal

1. ACCOUNTING POLICIES (continued)

Leased assets (continued)

accounting policies. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the profit and loss account, over the period of the agreement in proportion to the balance of capital repayments outstanding.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

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. 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

Interest-bearing bank loans are recorded at the proceeds received with direct issue costs included in Prepayments and accrued income. 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 proceeds of stock properties disposed of, interest recoverable on loans, fee and commission income, 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

	2011 £'000	2010 £'000
Interest payable and similar charges		
Bank loans and overdrafts	(51,551)	(49,838)
Hire purchase	—	(2)
Other interest	—	(52)
	(51,551)	(49,892)

	2011 £'000	2010 £'000
Interest receivable and similar income		
Bank and other interest	61	35
Interest receivable and income from listed investments	—	1
Other interest	5	—
	66	36

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	315	342
Held under hire purchase contracts	3	24
Loss on sale of investment properties	54	—
Profit on sale of fixed assets	(5)	(4)
Operating lease rentals		
Land and buildings	415	407
Auditors' remuneration		
Fees payable to the auditor for the audit of the company's accounts	44	43
Fees payable to the auditor in respect of the audit of the company's subsidiaries	13	12
For non-audit services – Taxation	30	28
For non-audit services – Other services	157	—

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2011 £'000	2010 £'000
Current tax		
Corporation tax	10,902	12,372
Adjustment in respect of previous years	16	(83)
Total current tax	10,918	12,289
Deferred tax		
Origination and reversal of timing differences	207	(13)
Adjustment in respect of prior years	(8)	7
Total deferred tax (see note 15)	199	(6)
Total tax on profit on ordinary activities	11,117	12,283

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:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	39,070	44,115
Tax on profit on ordinary activities at standard UK corporation tax rate of 27.5% (2010: 28%)	10,744	12,352
Effects of:		
Expenses not deductible for tax purposes	76	39
Non deductible provision relating to capital item	203	—
Income not taxable	(29)	(31)
Capital allowances (in excess of)/less than depreciation	(35)	13
Tax rate difference	(7)	—
Other timing differences	(50)	(1)
Adjustments in respect of previous years	16	(83)
Group current tax charge for year	10,918	12,289

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2011 Number	2010 Number
Management and administration		
- full time	315	267
- part time	14	15
	329	282

	2011 £'000	2010 £'000
Their aggregate remuneration comprised:		
Wages and salaries	12,074	9,687
Social security costs	1,163	949
Pension costs	255	210
	13,492	10,846
Directors' remuneration:		
Emoluments	2,241	1,932
Company contributions to personal pension schemes	43	52
	2,284	1,984

The emoluments of the highest paid director were £708,750 (2010: £708,750) including £nil (2010: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2010	493
Disposals	(265)
At 30 June 2011	228

If investment properties had not been revalued, they would have been included in the balance sheet at £207,000 (2010: £352,000). The investment properties were valued on an open market basis by Roger Hannah & Co. an external Valuer and member of the Royal Institute of Chartered Surveyors on 30 June 2005. The directors have considered the current valuation and do not consider it to be materially different to the external valuation.

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2010	1,642	915	2,557
Additions	172	459	631
Disposals	(332)	(301)	(633)
At 30 June 2011	1,482	1,073	2,555
Depreciation			
At 1 July 2010	1,368	559	1,927
Charge for the year	172	146	318
Disposals	(290)	(203)	(493)
At 30 June 2011	1,250	502	1,752
Net book value			
At 30 June 2011	**232**	**571**	**803**
At 30 June 2010	274	356	630

The net book value of tangible fixed assets includes £nil (2010: £73,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
Balance at 1 July 2010 and 30 June 2011	13	10,001

a) Subsidiary undertakings

Principal 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 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
Monarch Recoveries Limited	100%	Non trading
Northwestern Properties & Developments Limited	100%	Non trading
Privileged Estates Limited	100%	Non trading
Privileged Properties (Northern) Limited	100%	Non trading
Provincial & Northern Properties Limited	100%	Non trading
Supashow Limited	100%	Non trading

9. FIXED ASSET INVESTMENTS (continued)

Dormant subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property Limited	100%	Dormant
Proactive Bridging Limited (formerly Hello Finance UK 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 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

	2011 £'000	2010 £'000
Properties		
- held for resale	3,500	4,263

There is no material difference between the balance sheet value of stocks and their replacement cost. During the year, properties with a cost of £nil (2010: £nil) were transferred to stock from investment properties.

11. DEBTORS

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year:				
Trade debtors	331,084	347,290	—	—
Amounts owed by related companies	115	95	9	9
Other debtors	453	717	—	—
Prepayments and accrued income	2,194	2,622	878	1,586
	333,846	350,724	887	1,595
Amounts falling due after one year:				
Trade debtors	753,105	773,981	—	—
Amounts owed by group undertakings	—	—	454,780	451,312
Deferred taxation (see note 15)	1,551	1,750	—	—
	754,656	775,731	454,780	451,312
	1,088,502	1,126,455	455,667	452,907

Trade debtors include amounts due in respect of loans provided during the normal course of business. Amounts owed by related companies are in respect of August Blake Developments Limited, Charles Street Commercial Investments Limited, Centrestand Limited and Sterling Property Co. Limited, companies in which H N Moser is a director and shareholder (see note 23). Also included in trade debtors is an amount of £1,270,303 (2010: £2,325,303) loaned to August Blake Developments Limited, £5,536,023 (2010: £5,930,803) loaned to Sunnywood Estates Limited and £4,976,787 (2010: £3,271,788) 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.

11. DEBTORS (continued)

In the current year, the terms of the intercompany loan were enhanced, resulting in the balance not being repayable prior to 31 December 2012.

12. CURRENT ASSET INVESTMENTS

	2011 £'000	2010 £'000
Investments	111	111

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Loan notes	323,733	384,658	—	—
Obligations under hire purchase contracts	—	13	—	—
Trade creditors	411	290	—	—
Amounts owed to related companies	10	10	—	—
Corporation tax	5,002	6,309	—	—
Other taxation and social security	369	306	—	—
Other creditors	8,113	7,803	8	2
Accruals and deferred income	26,662	33,503	4,215	4,108
	364,300	432,892	4,223	4,110

Amounts due to related companies are in respect of August Blake Developments Limited and Sproston Green Limited companies in which H.N. Moser is a director, shareholder or partner (see note 23).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans	378,000	378,000	378,000	378,000
Subordinated loans	60,000	60,000	60,000	60,000
	438,000	438,000	438,000	438,000

Borrowings are repayable as follows:

	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Within one year	323,733	384,671	—	—
Between one and two years	378,000	—	378,000	—
Between two and five years	—	378,000	—	378,000
In more than five years	60,000	60,000	60,000	60,000
	761,733	822,671	438,000	438,000

The bank loans are provided through a £400m revolving syndicated facility with interest charged at a market rate. The loans are secured through a fixed and a floating debenture on the assets of the group and the facility is due for repayment on 9 November 2012.

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. All loan notes revolve within a three month period and are supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2011.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

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 Barclays Private Equity 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 2016. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax asset	
At 1 July 2010	1,750
Charged to profit and loss account	(199)
At 30 June 2011	1,551

The group has an unrecognised deferred tax liability of £5,775 (2010: £39,480) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2011 £'000	2010 £'000
Depreciation in excess of capital allowances	138	176
Other timing differences	1,413	1,574
Deferred tax asset	1,551	1,750

16. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'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
8,699,935 A deferred ordinary shares of 0.1 pence each	9	9
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,009	10,009
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 2010	17,527	(9,645)	1,300	141	248,309	257,632
Retained profit for the financial year	—	—	—	—	27,969	27,969
Transfer to profit and loss account	—	—	—	(120)	120	—
At 30 June 2011	17,527	(9,645)	1,300	21	276,398	285,601

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2010	17,527	1,300	3,628	22,455
Retained profit for the financial year	—	—	—	—
At 30 June 2011	17,527	1,300	3,628	22,455

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Retained profit for the financial year	27,969	31,854
Dividends paid	—	—
Net increase in shareholders' funds	27,969	31,854
Opening shareholders' funds	267,410	235,556
Closing shareholders' funds	295,379	267,410

19. MINORITY INTERESTS

	2011 £'000
At 1 July 2010	205
Loss on ordinary activities after taxation	(16)
At 30 June 2011	189

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating profit	90,609	93,971
Depreciation of tangible fixed assets	318	366
Profit on disposal of tangible fixed assets	(5)	(4)
Refinancing costs	605	629
Decrease in stocks	763	1
Decrease in debtors	37,151	356
(Decrease)/Increase in creditors	(6,327)	16,330
Net cash inflow from operating activities	123,114	111,649

20. CASH FLOW INFORMATION (continued)

b) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Other non-cash changes £'000	End of year £'000
Cash at bank and in hand	6,542	(1,831)	—	4,711
Finance leases	(13)	13	—	—
Debt due within 1 year	(384,658)	60,925	—	(323,733)
Debt due after 1 year	(438,000)	—	—	(438,000)
Current asset investments	111	—	—	111
	(822,560)	60,938	—	(761,622)
Net debt	(816,018)	59,107	—	(756,911)

c) Reconciliation of net cash flow to movement in net debt

	2011 £'000	2010 £'000
Decrease/(Increase) in cash in year	1,831	(7,989)
Cash outflow from decrease in debt and lease financing	(60,938)	(37,247)
Movement in net debt in year	(59,107)	(45,236)
Net debt, beginning of year	816,018	861,254
Net debt, end of year	756,911	816,018

d) Analysis of cash flows

	2011 £'000	2010 £'000
Returns on investments and servicing of finance		
Interest received	66	36
Refinancing costs	—	1
Interest element of finance lease payments	—	(1)
Interest paid	(51,572)	(49,699)
Net cash outflow from returns on investments and servicing of finance	(51,506)	(49,663)

	2011 £'000	2010 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(631)	(129)
Purchase of investment properties	—	(8)
Sales of tangible fixed assets	144	44
Sales of investment properties	211	—
Net cash outflow from capital expenditure and financial investments	(276)	(93)

	2011 £'000	2010 £'000
Financing		
Repayment of borrowings	(60,925)	(37,136)
Capital element of finance lease payments	(13)	(111)
Net cash outflow from financing	(60,938)	(37,247)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are no group capital expenditure commitments at 30 June 2011 (2010: £nil).

Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease are as follows:

	2011 £'000	2010 £'000
Land and buildings, lease expiring:		
- between two and five years	429	57
- after five years	—	351
	429	408

Derivatives

The group has derivatives which are not included at fair value in the accounts:

	2011 £'000 Fair Value	2011 £'000 Principal	2010 £'000 Principal
Interest rate swap contracts	(33,958)	604,500	604,500

The group uses the derivatives to hedge its exposures to interest rate movements on its bank borrowings and Loan Notes. The fair values are based on market values of equivalent instruments at the balance sheet date.

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2010: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £255,258 (2010: £210,000).

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:

	2011 £'000	2010 £'000
Operating lease costs – Land and buildings	367	360
Costs paid on behalf of scheme	(5)	(475)
Amounts received on behalf of scheme	7	335
Payments to scheme	(368)	(221)
	1	(1)
Amounts due from The Blemain Finance Pension Fund	—	1

23. RELATED PARTY TRANSACTIONS (continued)

The following balances with related parties existed at the year end:

Group	Balances due to 2011 £'000	Balances due to 2010 £'000	Balances due from 2011 £'000	Balances due from 2010 £'000
Sproston Green Limited	7	7	—	—
August Blake Developments Limited	3	3	4	4
Centrestand Limited	—	—	23	24
Charles Street Commercial Investments Ltd	—	—	37	11
Sterling Property Co. Limited	—	—	51	56
	10	10	115	95

Group transactions with related parties during the year were as follows:

	2011 £'000	2010 £'000
Service charges and costs paid on behalf of related parties	60	39
Repayments to the company from related parties	(40)	(113)
	20	(74)

Company	Balances due from 2011 £'000	Balances due from 2010 £'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.

JERROLD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2010.

ENHANCED BUSINESS REVIEW

The group's principal activity during the year under review continues to be the provision of secured property finance along with ancillary activities including property investment and development.

A number of key performance indicators (KPIs) on performance, position, liquidity and compliance are closely monitored in order to ensure effective control of the business and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2010 are set out on pages 7 to 26. Group turnover has decreased to £135.6m (2009: £149.5m), primarily as a consequence of the continued lower levels of redemption activity in the UK market. Profit before tax has decreased to £44.1m (2009: £69.1m) due to the fall in turnover coupled with increased overhead costs. Profit for the year after tax was £31.9m (2009: £49.8m).

No dividend was paid for the year ended 30 June 2010 (2009: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have remained fairly static at £1,121.3m (2009: £1,121.6m). At the same time, equity shareholders' funds have increased by 13.5% to £267.4m (2009: £235.6m). The gearing ratio (being the ratio of debt to equity) has reduced to 2.33:1 (2009: 2.71:1) reflecting the fact that the group continues to fund a greater proportion of its loan book through reserves and subordinated debt as opposed to external borrowings. For the purposes of calculating the group's gearing ratio (and in line with its banking covenants) the subordinated debt is treated as 'equity'.

Liquidity

The ability of the group to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This was 1.9:1 for the year ended 30 June 2010 (2009: 2.4:1).

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Material deviations are quickly determined and appropriate action taken to ensure that sufficient headroom exists at all times.

Compliance and non-financial KPIs

The directors support and monitor compliance with the Financial Services Authority and Consumer Credit Act regulations. Employees undertake appropriate training which is supported by quality assurance reviews, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes along with employee and customer feedback including the monitoring and understanding of complaints received.

In addition the directors monitor certain other non financial KPI's, relating to employee consultation and involvement, and the environment, which are further detailed below.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The group is exposed to changes in the economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as levels of consumer indebtedness, as well as by factors relating to specific customers, such as becoming unemployed. Credit risk is managed at loan inception via stringent underwriting policies with regard to affordability ratios, debt to equity levels and credit risk, and throughout the life of the loan via monitoring of arrears levels, customers' circumstances and debt to equity position.

Interest rate risk

The group is financed by variable rate facilities. Interest rate risk is managed through the use of hedging instruments.

Liquidity risk

The group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels to ensure that sufficient headroom exists at all times.

Current group funding consists of a £378m drawn syndicated loan facility due for renewal on the 9 November 2012, a £386m drawn revolving securitisation facility which is supported by a 364 day liquidity facility which is due for renewal on 11 November 2010 and shareholders' funds of £327m which includes subordinated loan notes of £60m maturing on 15 September 2016.

Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised liquidity facility will be renewed substantially in the same form as forecast.

Regulatory risk

The group undertakes activities which are regulated by the Financial Services Authority and the Office of Fair Trading. The group continues to enhance its quality assurance, compliance and internal audit functions as part of its ongoing focus on developing a robust and effective corporate governance structure. It also uses third party specialist advisors to support its business operations.

Exchange rate risk

All the group's activities are in sterling and are not subject to exchange rate risk.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training or arrangements are made. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ENVIRONMENT

As the group operates in the financial services sector, its actions do not have a significant environmental impact. However, the group does recognise the importance of the environment, and acts to minimise its impact wherever it can, including recycling and reducing energy consumption.

SUPPLIER PAYMENT POLICY

The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions agreed with the suppliers. Creditor days for the group were on average 12 days (2009: 11 days).

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors of the group have considered the group's forecast funding and liquidity facilities insofar as to the extent to which they might affect the preparation of the group's financial statements on a going concern basis.

Current group funding consists of a £378m drawn syndicated loan facility (made between Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in the notes of these accounts) and a £386m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers).

The syndicated facility is due for renewal on 9 November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2010. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast.

On this basis the directors have a reasonable expectation that, despite the uncertainty in market conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the group have adopted the going concern basis in preparing financial statements.

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M.J. Ridley — 28 October 2010
Secretary

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 AUDITORS' REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the group and parent financial statements of Jerrold Holdings Limited for the year ended 30 June 2010 which comprise the group Profit and Loss Account, the group Statement of Recognised Gains and Losses, the group 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 auditors' 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 auditors

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 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 (APB'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 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.

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 2010 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 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.

Stephen Williams (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

28 October 2010

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2010

	Note	2010 £'000	2009 £'000
TURNOVER	2	135,619	149,491
Cost of sales		(4,445)	(5,021)
GROSS PROFIT		131,174	144,470
Administrative expenses		(37,203)	(25,492)
OPERATING PROFIT		93,971	118,978
Profit on sale of investment properties		—	67
Interest payable and similar charges	3	(49,892)	(50,290)
Interest receivable and similar income	3	36	337
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	44,115	69,092
Tax on profit on ordinary activities	5	(12,283)	(19,312)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		31,832	49,780
Minority interests	19	22	36
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	31,854	49,816

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 then ended. Accordingly, a separate statement of total recognised gains and losses has not been presented.

JERROLD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
30 June 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Investment properties	7	493	485
Tangible assets	8	630	900
Investments	9	13	13
		1,136	1,398
CURRENT ASSETS			
Stocks	10	4,263	4,264
Debtors			
- due within one year	11	350,724	360,532
- due after one year	11	775,731	766,905
Investments	12	111	111
Cash at bank and in hand		6,542	9
		1,137,371	1,131,821
CREDITORS: Amounts falling due within one year	13	(432,892)	(459,421)
NET CURRENT ASSETS		704,479	672,400
TOTAL ASSETS LESS CURRENT LIABILITIES		705,615	673,798
CREDITORS: Amounts falling due after more than one year	14	(438,000)	(438,015)
NET ASSETS		267,615	235,783
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	141	141
Profit and loss account	17	248,309	216,455
EQUITY SHAREHOLDERS' FUNDS	18	267,410	235,556
Minority interests	19	205	227
TOTAL CAPITAL EMPLOYED		267,615	235,783

These financial statements were approved by the Board of Directors on 28 October 2010.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET
30 June 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Investments	9	10,001	10,001
CURRENT ASSETS			
Debtors			
- due within one year	11	1,595	2,360
- due after one year	11	451,312	459,139
Cash at bank and in hand		11,435	2,522
		464,342	464,021
CREDITORS: Amounts falling due within one year	13	(4,110)	(3,789)
NET CURRENT ASSETS		460,232	460,232
TOTAL ASSETS LESS CURRENT LIABILITIES		470,233	470,233
CREDITORS: Amounts falling due after more than one year	14	(438,000)	(438,000)
NET ASSETS		32,233	32,233
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	3,628	3,628
EQUITY SHAREHOLDERS' FUNDS		32,233	32,233

These financial statements were approved by the Board of Directors on 28 October 2010.

Company Registration No. 2939389

Signed on behalf of the Board of Directors

H.N. Moser
Director

G.D. Beckett
Director

JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2010

	Note	2010 £'000	2009 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20a	111,649	76,071
Returns on investments and servicing of finance	20d	(49,663)	(49,293)
Taxation		(16,657)	(20,363)
Capital expenditure and financial investment	20d	(93)	139
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING		45,236	6,554
Management of liquid resources	20d	—	1
Financing	20d	(37,247)	(1,338)
INCREASE IN CASH IN THE YEAR	20c	7,989	5,217

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2010

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 and listed investments), 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
Proactive Bridging Limited
Heywood Leasing Limited
Manchester Property Investments Limited
Northwestern Properties & Developments Limited
Phone-a-loan Limited
Privileged Estates Limited
Provincial & Northern Properties Limited
Privileged Properties (Northern) 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 (2009: £9,185).

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	15% straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	20% straight-line on cost
Computer equipment	33% 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.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are included in the balance sheet and depreciated in accordance with the group's normal

1. ACCOUNTING POLICIES (continued)

Leased assets (continued)

accounting policies. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the profit and loss account, over the period of the agreement in proportion to the balance of capital repayments outstanding.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

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 debt

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.

Turnover and cost of sales

Turnover consists of proceeds of stock properties disposed of, interest recoverable on loans, fee and commission income, 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

	2010 £'000	2009 £'000
Interest payable and similar charges		
Bank loans and overdrafts	(49,838)	(50,274)
Hire purchase	(2)	(10)
Other interest	(52)	(6)
	(49,892)	(50,290)

	2010 £'000	2009 £'000
Interest receivable and similar income		
Bank and other interest	35	288
Interest receivable and income from listed investments	1	1
Other interest	—	48
	36	337

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	342	520
Held under hire purchase contracts	24	124
Profit on sale of investment properties	—	(67)
(Profit)/Loss on sale of other fixed assets	(4)	12
Operating lease rentals		
Land and buildings	407	405
Auditors' remuneration		
Fees payable to the auditor for the audit of the company's accounts	43	42
Fees payable to the auditor in respect of the audit of the company's subsidiaries	12	12
For non-audit services – Taxation	28	75

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2010 £'000	2009 £'000
Current tax		
Corporation tax	12,372	19,482
Adjustment in respect of previous years	(83)	(47)
Total current tax	12,289	19,435
Deferred tax		
Origination and reversal of timing differences	(13)	(123)
Adjustment in respect of prior years	7	—
Total deferred tax (see note 15)	(6)	(123)
Total tax on profit on ordinary activities	12,283	19,312

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	44,115	69,092
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009: 28%)	12,352	19,346
Effects of:		
Expenses not deductible for tax purposes	39	17
Income not taxable	(31)	—
Capital allowances in excess of depreciation	13	49
Tax rate difference	—	(5)
Other timing differences	(1)	73
Net chargeable gains and losses	—	2
Adjustments in respect of previous years	(83)	(47)
Group current tax charge for year	12,289	19,435

6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2010 Number	2009 Number
Management and administration		
- full time	267	284
- part time	15	6
	282	290

	2010 £'000	2009 £'000
Their aggregate remuneration comprised:		
Wages and salaries	9,687	9,576
Social security costs	949	978
Pension costs	210	201
	10,846	10,755
Directors' remuneration:		
Emoluments	1,932	1,853
Company contributions to personal pension schemes	52	52
	1,984	1,905

The emoluments of the highest paid director were £708,750 (2009: £708,750) including £nil (2009: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2009	485
Additions	8
At 30 June 2010	493

If investment properties had not been revalued, they would have been included in the balance sheet at £352,000 (2009: £344,000). The investment properties were valued on an open market basis by Roger Hannah & Co. an external Valuer and member of the Royal Institute of Chartered Surveyors on 30 June 2005.

8. OTHER TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation			
At 1 July 2009	1,554	966	2,520
Additions	91	38	129
Disposals	(3)	(89)	(92)
At 30 June 2010	1,642	915	2,557
Depreciation			
At 1 July 2009	1,120	500	1,620
Charge for the year	248	118	366
Disposals	—	(59)	(59)
At 30 June 2010	1,368	559	1,927
Net book value			
At 30 June 2010	**274**	**356**	**630**
At 30 June 2009	434	466	900

The net book value of tangible fixed assets includes £73,000 (2009: £361,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
Balance at 1 July 2009 and 30 June 2010	13	10,001

9. FIXED ASSET INVESTMENTS (continued)

a) Subsidiary undertakings

Principal trading subsidiaries	Shares and voting rights	Principal activities
Auction Finance Limited	100%	Financier
Blemain Finance Limited	100%	Financier
Briar Hill Court Limited	100%	Rental of residential properties
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 Mortgage Corporation Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Monarch Recoveries Limited	100%	Debt recovery
Northwestern Properties & Developments Limited	100%	Property investment
Phone-a-Loan Limited	100%	Mortgage brokerage
Privileged Estates Limited	100%	Property investment
Privileged Properties (Northern) Limited	100%	Property investment
Provincial & Northern Properties Limited	100%	Property investment
Spot Finance Limited	100%	Financier
Supashow Limited	100%	Property Investment

Non trading subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property Limited	100%	Dormant
Proactive Bridging Limited (formerly Hello Finance UK 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 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

	2010 £'000	2009 £'000
Properties		
- held for resale	4,263	4,264
	4,263	4,264

There is no material difference between the balance sheet value of stocks and their replacement cost. During the year, properties with a cost of £nil (2009: £nil) were transferred to stock from investment properties.

11. DEBTORS

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year:				
Trade debtors	347,290	356,430	—	—
Amounts owed by related companies	95	169	9	9
Other debtors	717	479	—	22
Prepayments and accrued income	2,622	3,454	1,586	2,329
	350,724	360,532	1,595	2,360
Amounts falling due after one year:				
Trade debtors	773,981	765,161	—	—
Amounts owed by group undertakings	—	—	451,312	459,139
Deferred taxation (see note 15)	1,750	1,744	—	—
	775,731	766,905	451,312	459,139
	1,126,455	1,127,437	452,907	461,499

Trade debtors include amounts due in respect of loans provided during the normal course of business. Amounts owed by related companies are in respect of August Blake Developments Limited, UK Mortgage Corporation Limited, Centrestand Limited and Sterling Property Co. Limited, companies in which H N Moser is a director and shareholder (see note 23). Also included in trade debtors is an amount of £2,325,303 (2009: £1,374,729) loaned to August Blake Developments Limited, £5,930,803 (2009: £7,761,304) loaned to Sunnywood Estates Limited and £3,271,788 (2009: £3,170,729) 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.

In the current year, the terms of the intercompany loan were enhanced, resulting in the balance not being repayable prior to 31 December 2011.

12. CURRENT ASSET INVESTMENTS

	2010 £'000	2009 £'000
Investments	111	111

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Loan Notes	384,658	421,794	—	—
Obligations under hire purchase contracts	13	109	—	—
Bank loans and overdrafts	—	1,456	—	—
Trade creditors	290	251	—	—
Amounts owed to related companies	10	10	—	—
Corporation tax	6,309	10,670	—	—
Other taxation and social security	306	281	—	—
Other creditors	7,803	7,882	2	1
Accruals and deferred income	33,503	16,968	4,108	3,788
	432,892	459,421	4,110	3,789

Amounts due to related companies are in respect of August Blake Developments Limited and Sproston Green Limited companies in which H.N. Moser is a director, shareholder or partner (see note 23).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Obligations under hire purchase contracts	—	15	—	—
Bank loans	378,000	378,000	378,000	378,000
Subordinated loans	60,000	60,000	60,000	60,000
	438,000	438,015	438,000	438,000

Borrowings are repayable as follows:

	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Within one year	384,671	423,359	—	—
Between two and five years	378,000	378,015	378,000	378,000
In more than five years	60,000	60,000	60,000	60,000
	822,671	861,374	438,000	438,000

The bank loans are provided through a £400m revolving syndicated facility with interest charged at a market rate. The loans are secured through a fixed and a floating debenture on the assets of the group and the facility is due for repayment on 9 November 2012.

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. All loan notes revolve within a three month period and are supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2010.

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 Barclays Private Equity 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 2016. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	£'000
Deferred tax asset	
At 1 July 2009	1,744
Charged to profit and loss account	6
At 30 June 2010	1,750

The group has an unrecognised deferred tax liability of £39,480 (2009: £39,480) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2010 £'000	2009 £'000
Depreciation in excess of capital allowances	176	162
Other timing differences	1,574	1,582
Deferred tax asset	1,750	1,744

16. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'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
8,699,935 A deferred ordinary shares of 0.1 pence each	9	9
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,009	10,009
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 2009	17,527	(9,645)	1,300	141	216,455	225,778
Retained profit for the financial year	—	—	—	—	31,854	31,854
At 30 June 2010	17,527	(9,645)	1,300	141	248,309	257,632

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2009	17,527	1,300	3,628	22,455
Retained profit for the financial year	—	—	—	—
At 30 June 2010	17,527	1,300	3,628	22,455

18. RECONCILIATION OF MOVEMENTS IN GROUP EQUITY SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Retained profit for the financial year	31,854	49,816
Dividends paid	—	—
Net increase in equity shareholders' funds	31,854	49,816
Opening equity shareholders' funds	235,556	185,740
Closing equity shareholders' funds	267,410	235,556

19. MINORITY INTERESTS

	2009 £'000
At 1 July 2009	227
Loss on ordinary activities after taxation	(22)
At 30 June 2010	205

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2010 £'000	2009 £'000
Operating profit	93,971	118,978
Depreciation of tangible fixed assets	366	521
(Profit)/Loss on disposal of tangible fixed assets	(4)	12
Refinancing costs	629	592
Decrease in stocks	1	172
Decrease/(Increase) in debtors	356	(50,357)
Increase in creditors	16,330	6,153
Net cash inflow from operating activities	111,649	76,071

b) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Other non-cash changes £'000	End of year £'000
Cash at bank and in hand	9	6,533	—	6,542
Overdrafts	(1,456)	1,456	—	—
	(1,447)	7,989	—	6,542
Finance leases	(124)	111	—	(13)
Debt due within 1 year	(421,794)	37,136	—	(384,658)
Debt due after 1 year	(438,000)	—	—	(438,000)
Current asset investments	111	—	—	111
	(859,807)	37,247	—	(822,560)
Net debt	(861,254)	45,236	—	(816,018)

c) Reconciliation of net cash flow to movement in net debt

	2010 £'000	2009 £'000
Increase in cash in year	(7,989)	(5,217)
Cash inflow from increase in debt and lease financing	(37,247)	(1,338)
Cash outflow from decrease in current asset investments	—	1
Change in net debt resulting from cash flows	(45,236)	(6,554)
Revaluation of current asset investments	—	6
Movement in net debt in year	(45,236)	(6,548)
Net debt, beginning of year	861,254	867,802
Net debt, end of year	816,018	861,254

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2010 £'000	2009 £'000
Returns on investments and servicing of finance		
Interest received	36	313
Refinancing costs	1	(2)
Interest element of finance lease payments	(1)	(10)
Interest paid	(49,699)	(49,594)
Net cash outflow from returns on investments and servicing of finance	(49,663)	(49,293)

	2010 £'000	2009 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(129)	(91)
Purchase of investment properties	(8)	—
Sales of tangible fixed assets	44	35
Sales of investment properties	—	195
Net cash (outflow)/inflow from capital expenditure and financial investments	(93)	139

	2010 £'000	2009 £'000
Management of liquid resources		
Sale of current asset investments	—	1
Net cash inflow from management of liquid reserves	—	1

	2010 £'000	2009 £'000
Financing		
Repayment of borrowings	(37,136)	(1,112)
Capital element of finance lease payments	(111)	(226)
Net cash outflow from financing	(37,247)	(1,338)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are no group capital expenditure commitments at 30 June 2010 (2009: £nil).

Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease are as follows:

	2010 £'000	2009 £'000
Land and buildings, lease expiring:		
- between two and five years	57	—
- after five years	351	407
	408	407

21. GUARANTEES AND FINANCIAL COMMITMENTS (continued)

Derivatives

The group has derivatives which are not included at fair value in the accounts:

	2010 £'000 Fair Value	2010 £'000 Principal	2009 £'000 Principal
Interest rate swap contracts	(56,260)	604,500	643,000

The group uses the derivatives to hedge its exposures to interest rate movements on its bank borrowings and Loan Notes. The fair values are based on market values of equivalent instruments at the balance sheet date.

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2009: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £210,000 (2009: £201,000).

23. RELATED PARTY TRANSACTIONS

The following balances with related parties existed at the year end:

	Balances due to		Balances due from	
Group	**2010 £'000**	**2009 £'000**	**2010 £'000**	**2009 £'000**
Sproston Green Limited	7	7	—	—
August Blake Developments Limited	3	3	4	4
Centrestand Limited	—	—	24	24
UK Mortgage Corporation Limited	—	—	11	11
Sterling Property Co. Limited	—	—	56	130
	10	10	95	169

Group transactions with related parties during the year were as follows:

	2010 £'000	2009 £'000
Service charges and costs paid on behalf of related parties	39	110
Repayments to the company from related parties	(113)	(156)
	(74)	(46)

An amount of £113,000 previously included in Other debtors at 30 June 2009 (2008: £29,000) has been reclassified as due from Sterling Property Co. Limited.

	Balances due from	
Company	**2010 £'000**	**2009 £'000**
Sterling Property Co. Limited	9	9

Company transactions with related parties during the year were as follows:

	2010 £'000	2009 £'000
Costs paid on behalf of related parties	—	9

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.

Registered Office of the Issuer

Jerrold FinCo plc
Lake View, Lakeside
Cheadle
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United Kingdom

Registered Office of the Company

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Registrar and Transfer Agent
Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg

Independent Auditor for the Issuer

Deloitte LLP
Four Brindleyplace
Birmingham B1 2HZ
United Kingdom

Irish Listing Agent
Dillon Eustace Solicitors
33 Sir John Rogerson's Quay
Dublin 2
Ireland

Legal Adviser to the Trustee
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

£200,000,000

Jerrold FinCo plc

9¾% Senior Secured Notes due 2018

OFFERING MEMORANDUM

Joint book-running managers

The Royal Bank of Scotland **Jefferies** **Lloyds Bank**

September 20, 2013

Jerrold Holdings

£200,000,000 9¾% Senior Secured Notes due 2018