IMPORTANT NOTICE

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

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

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

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

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

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

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

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

  (a) QIBs; or

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

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

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that

the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of us in such jurisdiction.

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

This offering memorandum has been prepared on the basis that any offer of the securities referred to herein in any Member State of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the securities referred to herein. This document is an advertisement and not a prospectus for the purposes of the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

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 FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This 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.

The 2024 Additional Notes described in the offering memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering, selling or distributing the 2024 Additional Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the 2024 Additional Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Solely for the purposes of the product approval process of Credit Suisse Securities (Europe) Limited (the "Manufacturer"), the target market assessment in respect of the 2024 Additional Notes described in the attached offering memorandum has led to the conclusion that: (i) the target market for the 2024 Additional Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the 2024 Additional Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the 2024 Additional Notes (a "distributor") should take into consideration the Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the 2024 Additional Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

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

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

Jerrold FinCo plc

Guaranteed on a senior basis by Together Financial Services Limited (formerly Jerrold Holdings Limited) and certain subsidiaries of Together Financial Services Limited

£150,000,000 6 1/8% Senior Secured Notes due 2024

Jerrold FinCo plc, a public limited company incorporated under the laws of England and Wales (the "Issuer"), is hereby offering £150.0 million aggregate principal amount of its 6 1/8% Senior Secured Notes due 2024 (the "2024 Additional Notes"). The 2024 Additional Notes are being offered as additional notes under an indenture dated February 22, 2017 (the "2024 Notes Indenture"), pursuant to which the Issuer issued £200,000,000 6 1/8% Senior Secured Notes due 2024 on February 22, 2017 (the "2024 Existing Notes" and, together with the 2024 Additional Notes, the "2024 Notes;" and, together with the Issuer's £375,000,000 6 1/4% Senior Secured Notes due 2021 (the "2021 Notes"), the "Notes").

The 2024 Existing Notes and 2024 Additional Notes will be treated as one single class for all purposes under the 2024 Notes Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase. Interest on the 2024 Additional Notes will accrue at the rate of 6 1/8% per annum and the Issuer will pay interest on the 2024 Additional Notes semi-annually on January 15 and July 15 of each year, commencing July 15, 2018, and the interest on the 2024 Additional Notes will be deemed to have accrued from January 15, 2018. The 2024 Notes will mature on January 15, 2024.

The Issuer may redeem some or all of the 2024 Notes on or after January 15, 2020 at the redemption prices set forth in this offering memorandum. Prior to January 15, 2020, the Issuer may redeem, at its option, some or all of the 2024 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 January 15, 2020, the Issuer may also redeem up to 40% of the aggregate principal amount of the 2024 Notes using the net proceeds of certain equity offerings at the redemption price set forth in this offering memorandum, if at least 60% of the originally issued aggregate principal amount of the 2024 Notes remains outstanding. Additionally, the Issuer may redeem all, but not less than all, of the 2024 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 2024 Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

The 2024 Additional Notes will be and the 2024 Existing Notes are the general obligations of the Issuer and the 2024 Additional Notes will rank and the 2024 Existing Notes rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes. The 2024 Additional Notes will be and the 2024 Existing Notes are guaranteed by the Guarantors (as defined below), and the 2024 Additional Notes will be and the 2024 Existing Notes are effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes and to all obligations of the subsidiaries of the Company that do not guarantee the Notes.

The proceeds of the 2024 Additional Notes will be on-lent to Together Financial Services Limited (the "Company"). The 2024 Additional Notes will be and the 2024 Existing Notes are guaranteed on a senior secured basis by the Company and all subsidiaries of the Company (other than the Issuer, the subsidiaries comprising the Securitizations (as defined herein) and certain dormant and non-material subsidiaries) (the "Subsidiary Guarantors," and, together with the Company, the "Guarantors"). The 2024 Additional Notes will be and the 2024 Existing Notes are secured by first-priority fixed and floating security interests granted on an equal and rateable first-priority basis over the same assets that secure the 2021 Notes, the Revolving Credit Facility and any hedging commitments. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of certain indebtedness incurred under the Revolving Credit Facility and certain hedging obligations that are secured by assets that also secure the Issuer's or the Guarantors' obligations under the Notes or the Guarantees, as applicable, will receive priority with respect to any proceeds received upon any enforcement action over any such assets. See "*Summary—The Offering—Security*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The guarantee of each Guarantor will be, with respect to the 2024 Additional Notes, and is, with respect to the 2024 Existing Notes, a general obligation of such Guarantor. The guarantee of each Guarantor will be, with respect to the 2024 Additional Notes, and is, with respect to the 2024 Existing Notes, together with such Guarantor's respective obligations under the 2021 Notes, the Revolving Credit Facility and certain hedging obligations, secured by first-priority liens over the assets securing the Notes. The guarantee of each Guarantor will rank, with respect to the 2024 Additional Notes, and ranks, with respect to the 2024 Existing Notes, *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 our obligations under the 2021 Notes, the Revolving Credit Facility and certain hedging obligations. The 2024 Additional Notes will rank and the 2024 Existing Notes rank senior in right of payment to all future indebtedness of such Guarantor that is subordinated in right of payment to such guarantee. The 2024 Additional Notes will rank and the 2024 Existing Notes 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. The 2024 Additional Notes will be and the 2024 Existing Notes are effectively subordinated to all existing and future indebtedness of any such Guarantor's subsidiaries that do not guarantee the Notes. The 2024 Additional Notes will be and the 2024 Existing Notes are 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 will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The Company has in place Conduit Securitizations, pursuant to which certain mortgage loans originated by certain of its operating subsidiaries are sold on an ongoing basis, subject to certain limitations, to Charles Street Conduit Asset Backed Securitisation 1 Limited ("Charles Street ABS"), Lakeside Asset Backed Securitisation 1 Limited ("Lakeside ABS") and Delta Asset Backed Securitization 1 Limited ("Delta ABS"). In September 2017, the Company established Together Asset Based Securitization 1 plc ("Together ABS" and, together with the Charles Street ABS, Lakeside ABS and Delta ABS, the "Securitization Vehicles") and sold to it certain mortgage loans originated by the Company's operating subsidiaries. Unlike the Conduit Securitizations, Together ABS is a term securitization and is not permitted to buy additional mortgages from the Company or its subsidiaries on an ongoing basis. The Securitization Vehicles are bankruptcy-remote special purpose vehicles. Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS finance or financed, as applicable, purchases of mortgage loans through borrowings funded through the issuance of notes to certain note purchasers and through facility agreements, with the balance of any funding requirements provided through the issuance of subordinated notes or residual certificates, as applicable, to certain subsidiaries of the Company. See "*Description of Certain Financing Arrangements—Securitizations.*" Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS do not Guarantee the 2024 Existing Notes and will not guarantee the 2024 Additional Notes.

The 2024 Existing Notes have been admitted to the Official List of the Irish Stock Exchange and have been admitted for trading on the Global Exchange Market thereof. Application has been made for listing particulars to be approved by the Irish Stock Exchange and for the 2024 Additional 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 2024 Additional Notes will be listed and admitted to trade on the Global Exchange Market.

Investing in the 2024 Additional Notes involves a high degree of risk. Please see "Risk Factors" beginning on page 34.

2024 Additional Notes Price: 101.750% plus accrued interest from January 15, 2018

The 2024 Additional Notes and the respective guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the offering is being made only to qualified institutional buyers ("QIBs") within the meaning of Rule 144A ("Rule 144A") under the U.S. Securities Act in compliance with Rule 144A under the U.S. Securities Act. You are hereby notified that the initial purchasers of the 2024 Additional 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 2024 Additional Notes will initially be issued in the form of global notes in registered form. See "*Book-Entry, Delivery and Form*." We expect the 2024 Additional Notes to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about January 31, 2018 (the "Issue Date").

Sole Global Coordinator and Joint Bookrunner

Credit Suisse

Joint Bookrunners

Barclays **Goldman Sachs International** **Lloyds Bank** **Natixis** **NatWest Markets**

The date of this offering memorandum is January 25, 2018.

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 Together Financial Services Limited and not any of its subsidiaries. In this offering memorandum, "Together Financial Services," "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.togethermoney.co.uk*. The information contained on our website is not part of this offering memorandum.

IMPORTANT INFORMATION

This offering memorandum is confidential and has been prepared by 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 the 2024 Additional 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 the 2024 Additional 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 2024 Additional 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 2024 Additional Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the 2024 Additional 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 2024 Additional 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.

In connection with the offering, Credit Suisse Securities (Europe) Limited, Barclays Bank PLC, Goldman Sachs International, Lloyds Bank plc, Natixis and the Royal Bank of Scotland plc (trading as NatWest Markets) are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections offered to their clients nor for providing advice in relation to the offering.

The Issuer intends to prepare listing particulars for the 2024 Additional Notes and to seek a listing of the 2024 Additional Notes on the Global Exchange Market of the Irish Stock Exchange. Such listing particulars are likely to contain similar information to that contained in this offering memorandum. However, it is possible that the Issuer may be required (under applicable law, rules, regulations or guidance applicable to the listing of securities or otherwise) to make certain changes or additions to or deletions from the description of its business, financial statements and other information contained herein. Furthermore, certain events might occur or circumstances might arise between publication of this document and of any listing particulars that would require additional or different disclosure to be made in the listing particulars.

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

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from 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 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional Notes to be admitted to trading on the Global Exchange Market thereof will be approved as of the settlement date for the 2024 Additional Notes or at any time thereafter, and settlement of the 2024 Additional 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 2024 Additional Notes, for any reason. We and the initial purchasers also reserve the right to sell less than all the 2024 Additional Notes offered by this offering memorandum or to sell to any purchaser less than the amount of 2024 Additional Notes it has offered to purchase.

The 2024 Additional Notes will be available in book-entry form only. We expect that the 2024 Additional Notes sold pursuant to this offering memorandum will be issued in the form of two or more global notes. The global notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants. After the initial issuance of the global notes, the 2024 Additional Notes in certificated form will be issued in exchange for the global notes only as set forth in the Indenture. See "*Book-Entry, Delivery and Form.*"

IN CONNECTION WITH THE OFFERING OF THE 2024 ADDITIONAL NOTES CREDIT SUISSE SECURITIES (EUROPE) LIMITED (OR PERSONS ACTING ON ITS BEHALF) OR ONE OF ITS AFFILIATES (THE "STABILIZING MANAGER") MAY OVER-ALLOT THE 2024 ADDITIONAL NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE 2024 ADDITIONAL NOTES DURING THE STABILIZATION PERIOD AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE 2024 ADDITIONAL 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 ALLOTMENT OF THE 2024 ADDITIONAL NOTES, WHICHEVER IS THE EARLIER. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES AND WILL BE UNDERTAKEN AT THE OFFICES OF THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) AND ON THE GLOBAL EXCHANGE MARKET OF THE IRISH STOCK EXCHANGE.

NOTICE TO INVESTORS IN THE UNITED STATES

Each purchaser of the 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional Notes, see "*Notice to Investors*."

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

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This 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 the 2024 Additional Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the 2024 Additional Notes. This document is an advertisement and not a prospectus for the purposes of the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned. This paragraph is subject to the limitations in *Prohibition of Sales to EEA Retail Investors* below.

Prohibition of Sales to EEA Retail Investors

The 2024 Additional Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering, selling or distributing the 2024 Additional Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the 2024 Additional Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Professional Investors and ECPs Only Target Market

Solely for the purposes of the product approval process of Credit Suisse Securities (Europe) Limited (the "Manufacturer"), the target market assessment in respect of the 2024 Additional Notes described in this offering memorandum has led to the conclusion that: (i) the target market for the 2024 Additional Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the 2024 Additional Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the 2024 Additional Notes (a "distributor") should take into consideration the Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the 2024 Additional Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

The 2024 Additional Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), or section 1.1 of National Instrument 45-106 *Prospectus Exemptions* and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the 2024 Additional Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

INDUSTRY AND MARKET DATA

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Unless otherwise indicated, we have generally obtained all information regarding market, market size, growth rate, development, trends and competitive position and other industry data pertaining to our business contained in this offering memorandum from industry publications, surveys or studies conducted by third-party sources, including the Bank of England ("BoE"), UK Finance (previously the Council of Mortgage Lenders), the West One Bridging Index, Du Montfort University and other sources mentioned in "Industry," internal surveys and estimates and publicly available information. The various data sources referred to in this industry section may not calculate the same or similar measures in a consistent manner or use the same data for such calculations. Accordingly, figures obtained from different industry sources may not be directly comparable with each other, including data in charts and graphs that have been obtained from more than one source.

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

Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of the studies and publications we have used is reliable, neither we nor the initial purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness. Market data and statistics

are inherently uncertain and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

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

FORWARD-LOOKING STATEMENTS

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

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

- the impact of economic conditions on our results of operations and financial condition;
- the impact of the United Kingdom's contemplated exit from the European Union;
- the impact of a downturn in the property market;
- our ability to accurately identify the credit profile and behaviors of our customers;
- 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, professional networks 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;
- the impact of fluctuations in interest rates and our ability to obtain financing;
- the impact of new initiatives by the UK Government that may affect our business;
- the impact of litigation;
- our ability to retain our senior management and our underwriters, account executives, sales personnel and other client-facing employees;
- interruption or loss of our information processing systems or third-party systems we use or failure to maintain secure information systems and technological changes (including as a result of cyber-attacks);
- our substantial debt;
- financial covenants;
- the interests of our shareholders;
- changes in accounting standards 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 Together Financial Services 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 capital markets indebtedness in the form of notes, including the 2021 Notes, the 2024 Existing Notes, the 2024 Additional Notes, and the making of certain intercompany loans.

Together Financial Services Limited

Together Financial Services Limited, the Company, was formed under the laws of England and Wales as a limited liability company on June 15, 1994. The Company was renamed on January 9, 2017. In this offering memorandum, we refer to, and present consolidated financial information for, Together Financial Services Limited and its subsidiaries.

Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS, the bankruptcy-remote special purpose vehicles established for purposes of our Securitizations, are consolidated into the consolidated financial statements of Together Financial Services Limited under International Financial Reporting Standards as adopted by the European Union ("IFRS"). For additional information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Securitizations*."

Financial Statements

This offering memorandum includes audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2016, which include audited comparative financial information as of and for the year ended June 30, 2015, and the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017. From July 1, 2015, we have prepared our audited consolidated financial statements in accordance with IFRS. Our consolidated financial statements as of and for the year ended June 30, 2016 contain an analysis of the main adjustments and reclassifications made by us in order to restate in accordance with IFRS our financial information previously reported, pursuant to UK GAAP, as of and for the year ended June 30, 2015. For an analysis of the main adjustments and reclassifications, see Note 32 to the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2016.

This offering memorandum also includes the unaudited consolidated interim financial statements of Together Financial Services as of and for the three months ended September 30, 2017, which include comparative financial information as of and for the three months ended September 30, 2016, prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

Financial information of Together Financial Services for the twelve months ended September 30, 2017 has been calculated by adding together (1) the audited consolidated financial information for the full year ended June 30, 2017, and (2) the unaudited consolidated interim financial information for the three months ended September 30, 2017 and then subtracting (3) the unaudited consolidated interim financial information for the three months ended September 30, 2016. The results of operations for prior years or interim periods are not necessarily indicative of results to be expected for the full year or any future period.

See "*Independent Auditor*" for a description of the reports of the independent auditor of Together Financial Services, Deloitte LLP, on the audited consolidated financial statements of Together Financial Services. 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 Together Financial Services 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 Together Financial Services 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 Together Financial Services and its members as a body for its audit work, audit report or the opinions it has formed. The independent auditor's reports for Together Financial Services for the years ended June 30, 2015,

2016 and 2017 were unqualified. The independent auditor's reports for Together Financial Services for the years ended June 30, 2015, 2016 and 2017 are included on pages F-74 and F-33, respectively, of this offering memorandum.

The information contained on pages F-25 through F-32 and F-66 through F-73 herein is given as of the date of such document. Such information shall be deemed part of this offering memorandum, save that any statement contained on pages F-25 through F-32 and F-66 through F-73 herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this offering memorandum herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum. For the purposes of the audited consolidated financial statements of Together Financial Services and Deloitte LLP's audit reports, the information contained on pages F-25 through F-32 and F-66 through F-73 is not deemed to have been amended.

Investors in the 2024 Additional 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 2024 Additional Notes) other than to Together Financial Services and its members as a body, for its audit work, audit report or opinions it has formed. 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 2024 Additional Notes may have against the independent auditor based on its report or the audited consolidated financial statements to which it relates could be limited.

We have not included financial information prepared in accordance with U.S. GAAP in this offering memorandum. We prepare our consolidated financial statements in accordance with IFRS, which differs in certain significant respects from 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 IFRS and U.S. GAAP, and how those differences could affect the financial information contained in this offering memorandum. See "*Risk Factors—Risks Related to Our Business—We have not included any US GAAP financial information in this offering memorandum*."

Other Financial Information (Non-IFRS)

We have included in this offering memorandum certain financial measures and ratios, including EBITDA, Adjusted EBITDA, Underlying EBITDA, Underlying Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, Underlying EBITDA margin, Underlying Adjusted EBITDA margin and certain leverage and coverage ratios, that are not presented in accordance with IFRS. In this offering memorandum, references to "EBITDA" are profit after taxation before income tax, amortization and depreciation, negative goodwill and interest payable and similar charges.

In this offering memorandum, references to "Adjusted EBITDA" reflect EBITDA for Together Financial Services, excluding Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS. Adjusted EBITDA is calculated as EBITDA after the deduction of interest payable attributable to the Securitizations.

In this offering memorandum, references to "Underlying EBITDA" and "Underlying Adjusted EBITDA" reflect EBITDA for Together Financial Services and the Adjusted EBITDA, respectively, excluding the effects of exceptional items related to the Exit Transactions (as defined below).

In this offering memorandum, references to "EBITDA margin" reflect EBITDA margin for Together Financial Services. EBITDA margin is calculated as EBITDA divided by interest receivable and similar income plus fee and commission income (based on consolidated financial statements).

In this offering memorandum, references to "Adjusted EBITDA margin" reflect Adjusted EBITDA margin for Together Financial Services. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by interest receivable and similar income plus fee and commission income (based on consolidated financial statements) less interest costs attributable to each Securitization.

In this offering memorandum, references to "Underlying EBITDA margin" reflect Underlying EBITDA margin for Together Financial Services. Underlying EBITDA margin is Underlying EBITDA divided by interest receivable and similar income plus fee and commission income (based on consolidated financial statements).

In this offering memorandum, references to "Underlying Adjusted EBITDA margin" reflect Underlying Adjusted EBITDA margin for Together Financial Services. Underlying Adjusted EBITDA margin is, Underlying Adjusted EBITDA divided by interest receivable and similar income plus fee and commission income (based on consolidated financial statements) less interest costs attributable to each Conduit Securitization.

In this offering memorandum, references to "Underlying profit before taxation" reflect Underlying profit before taxation for Together Financial Services. Underlying profit before taxation is, profit before taxation as adjusted to exclude the effects of exceptional items related to the Refinancing (as defined below) and the Exit Transactions (as defined below).

In this offering memorandum, references to "Shareholders' Funds" reflect shareholders' funds for Together Financial Services. Shareholders' Funds is Total Equity (based on consolidated financial statements) plus (i) as of September 30, 2016 and prior periods, Original Subordinated Shareholder Loan Notes; or (ii) as of June 30, 2017 and September 30, 2017, the carrying value of the Subordinated Shareholder Funding (based on consolidated financial statements).

In this offering memorandum, the term "costs of borrowings" is calculated as interest payable and similar charges (excluding interest payable and similar charges in respect of Original Subordinated Shareholder Loan Notes and Subordinated Shareholder Funding) including the amortization of debt issuance costs, divided by the opening and closing gross debt balances (excluding Original Subordinated Shareholder Loan Notes and Subordinated Shareholder Funding) divided by two.

As presented herein and going forward, references to EBITDA margin, Underlying EBITDA margin, Adjusted EBITDA margin and Underlying Adjusted EBITDA margin do not include "other income" in the denominator and as a result are no longer comparable to the EBITDA margin, the Underlying EBITDA margin, the Adjusted EBITDA margin and the Underlying Adjusted EBITDA margin made publicly available previously.

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

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

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

In this offering memorandum, "overheads and expenses" within the Supplemental Cash Flow information section includes administrative expenses, bank charges and other expenses paid by the Company relating to commissions, fees and other costs incurred on new loan originations.

In this offering memorandum, references to "Cash Receipts" are to cash received in respect of interest and fees, principal (when applicable), and securitization surplus income. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*." Cash Receipts is expressed as a percentage of average total loan assets, impairment losses as a percentage of average total loan assets, the interest yield and net interest margin in each case prepared on an annualized basis. These annualized ratios have each been calculated using the Cash Receipts for the three months ended September 30, 2016 and 2017 expressed as a percentage of average total loan assets; impairment losses for the three months ended September 30, 2016 and 2017 as a percentage of average total loan assets; and the interest yield and net interest margin of our loan portfolio for the three months ended September 30, 2016 and 2017, respectively, multiplied by four.

We have included in this offering memorandum certain unaudited *pro forma* consolidated financial information of Together Financial Services to give *pro forma* effect to the Refinancing (as defined herein), the Exit Transactions (as defined herein), the offering of the 2024 Existing Notes, the offering of the 2024 Additional Notes and the use of proceeds therefrom as if these events had occurred on September 30, 2017 or October 1, 2016, as applicable. 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) October 1, 2016 for purposes of the calculation of interest payable and other metrics drawn from our profit and loss account data and cash flow data and (ii) September 30, 2017 for purposes of the calculation of net borrowings and other metrics drawn from our balance sheet data and should not be taken as indicative of our future consolidated results of operations or financial position. Our historical results may not be indicative of our future results following completion of the offering. In addition, we have included in this Offering Memorandum unaudited *pro forma* Borrower Group loan analysis data to give *pro forma* effect to the repurchase of £179.5 million principal balance of assets from Charles Street ABS with the proceeds of the offering of the 2024 Additional Notes as if it had occurred on September 30, 2017. The unaudited *pro forma* consolidated financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* consolidated financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Certain figures in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Rounding adjustments in this offering memorandum may also differ from rounding adjustments made in our other publicly available materials.

Terms Relating to Our Loan Analysis

We have included in this offering memorandum certain financial information related to our loan portfolio that was prepared pursuant to generally accepted accounting principles in the United Kingdom (“UK GAAP”). Accordingly, the basis of preparation for this financial information differs from the basis of preparation for our consolidated financial statements as of and for the years ended June 30, 2015, 2016 and 2017 presented herein, which were prepared pursuant to IFRS, and our UK GAAP financial information may not be comparable to financial information derived from these audited consolidated financial statements.

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

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

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

Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. We underwrite relatively few new development loans each year. 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, Together Personal Finance Limited, Together Commercial Finance Limited, Auction Finance Limited and Harpmanor Limited, which represent 99.9% of our total loan book balances by value as of September 30, 2017 (before adjustments for fee spreading). Data referring to the Borrower Group loan portfolio analysis is in reference to the Borrower Group (as defined herein). Data

referring to our loan portfolio analysis is presented after allowances for impairment (such allowances for impairment have been prepared on the basis of IFRS). References to Borrower Group loan portfolio are to Together Financial Services excluding Charles Street ABS, Delta ABS, Lakeside ABS and Together ABS (as applicable).

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

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

In this offering memorandum, the term “total loan assets” refers to the total balance of loans provided to our customers as included within our statement of financial position, stated after allowances for impairment.

In this offering memorandum, the term “second lien loans” includes second lien loans and also subsequent lien loans. As of September 30, 2017, subsequent lien loans amounted to £10.1 million after allowances for impairment, representing 0.4% of our total loan assets.

In this offering memorandum, the term “average total loan assets” means the total loan assets (after allowances for impairment) as of the first date of the relevant period as per our statement of financial position plus the total loan assets (after allowances for impairment) as of the last date of the relevant period as per our statement of financial position divided by two.

In this offering memorandum, the term “net interest margin” is calculated as interest receivable and similar income less interest payable and similar charges divided by the average total loan assets.

In this offering memorandum, the term “interest yield” is calculated as interest receivable and similar income divided by average total loan assets.

The following table provides a reconciliation of our loan portfolio analysis to our total loan assets as of September 30, 2017 and total loan assets both as of September 30, 2017 of the Borrower Group:

	As of September 30, 2017
	(£ in millions)
Loan portfolio balances of our core operating subsidiaries	2,404.1
Less allowances for impairment on our core operating subsidiaries	(26.3)
Total loan portfolio balances	**2,377.8**
Add: loan portfolio balance of our non-core operating subsidiaries[1]	2.1
Less: allowances for impairment on our non-core operating subsidiaries	(0.6)
Add: loan portfolio balances of shortfalls	32.0
Less: allowances for impairment on our shortfalls[2]	(32.0)
Add back part month adjustment for accrued interest[3]	8.1
Add back: product accrued income[4]	0.8
Less: fee spreading[5]	(18.8)
Total loan assets (as shown as "Loans and Advances to Customers" on statement of financial position)	**2,369.4**
Principal balances of loans attributable to Securitizations[6]	(1,445.3)
Borrower Group's total loan assets	**924.1**

(1) Our non-core operating subsidiaries include Spot Finance Limited which was until December 2016 underwriting a small amount of motor finance loans as part of a pilot program that has now ceased underwriting new loans but continues to hold loans previously underwritten as part of the pilot program.

(2) Our loan portfolio analysis excludes loans for which the security has been subsequently disposed of (typically as part of a repossession process or LPA sale) and from which a shortfall against outstanding amounts due arose. Such loans have full allowances for impairment, as a result of which the loan balance after allowances for impairment is (£0.1) million.

(3) Adjustment for accrued interest represents a part month adjustment for the interest accrued on loan accounts and included in our total loan assets as of September 30, 2017 that is not reflected in our loan portfolio balances as of September 30, 2017 in respect of those loans for which the monthly funding anniversary date in the month of September 30, 2017 was not September 30, 2017.

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

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

(6) Comprises the principal loan balance of assets held within the Securitization Vehicles.

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

Loan to value ratio (with respect to financial periods after June 30, 2015) prepared in accordance with IFRS, in the case of a first lien mortgage, is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan and (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified

appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

In this offering memorandum, the average LTV of our loan portfolio is calculated on a "weighted average basis," pursuant to which LTV is calculated by multiplying each LTV by the respective loan amount and then dividing the sum of the weighted LTVs by the total amount of loans. The weighted average LTV of our loan portfolio is also presented on an "indexed basis," pursuant to which the value of the properties securing our loans are reviewed quarterly and adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices based on the Halifax House Price Index. The LTV bands of our loan portfolio are also presented on an indexed basis.

CERTAIN DEFINITIONS

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

- "2018 Notes" means the £300,000,000 aggregate principal amount of the Issuer's 9¾% Senior Secured Notes due 2018 issued on September 27, 2013 and April 24, 2015.
- "2021 Notes" means the £375,000,000 aggregate principal amount of the Issuer's 6¼% Senior Secured Notes due 2021 issued on October 13, 2016.
- "2021 Notes Indenture" means the indenture governing the 2021 Notes, among, *inter alios*, the Issuer, the Notes Guarantors, Deutsche Trustee Company Limited as trustee, Deutsche Bank AG, London Branch as paying agent, Deutsche Bank Luxembourg S.A. as registrar and transfer agent and The Royal Bank of Scotland plc as security agent entered into on October 13, 2016.
- "2021 Notes Proceeds Loan" means the loan agreement entered into between the Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer lent the gross proceeds from the offering of the 2021 Notes to the Company on October 13, 2016.
- "2024 Additional Notes" means the £150,000,000 of additional aggregate principal amount of the Issuer's 6⅛% Senior Secured Notes due 2024 issued hereby.
- "2024 Existing Notes" means the £200,000,000 aggregate principal amount of the Issuer's 6⅛% Senior Secured Notes due 2024 issued on February 22, 2017.
- "2024 Notes Indenture" means the indenture governing the 2024 Existing Notes, among, *inter alios*, the Issuer, the Notes Guarantors, Deutsche Trustee Company Limited as trustee, Deutsche Bank AG, London Branch as paying agent, Deutsche Bank Luxembourg S.A. as registrar and transfer agent and The Royal Bank of Scotland plc as security agent entered into on February 22, 2017.
- "2024 Notes Proceeds Loan" means the loan agreement entered into between the Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer lent the gross proceeds from the offering of the 2024 Existing Notes to the Company on February 22, 2017 (as amended on or about the issue date of the 2024 Additional Notes to include the proceeds of the 2024 Additional Notes offered hereby).
- "Borrower Group" means the Company and its subsidiaries and does not include Charles Street ABS, Lakeside ABS, Delta ABS or Together ABS.
- "CABS Securitization" means the series of agreements, dated November 12, 2007, as amended and restated from time to time, among, *inter alios*, the Company, certain of the Company's subsidiaries and Charles Street ABS, respectively, establishing a conduit securitization program of certain of our mortgage loans.
- "Charles Street ABS" means Charles Street Conduit Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans pursuant to the CABS Securitization.
- "Company" means Together Financial Services Limited (formerly Jerrold Holdings Limited).
- "Conduit Securitizations" means the CABS Securitization, the LABS Securitization and/or the DABS Securitization, as appropriate.
- "DABS Securitization" means the series of agreements, dated January 26, 2017, among, *inter alios*, the Company, certain of the Company's subsidiaries and Delta ABS, establishing a conduit securitization program of certain of our bridging loans.
- "Delta ABS" means Delta Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our bridging loans pursuant to the DABS Securitization.
- "Equistone" means certain funds managed by and affiliates of Equistone Partners Europe.
- "Exit Transactions" means the actions as described under "*Shareholders—The Exit Transactions*."
- "Famco" means Redhill Famco Limited, the parent company of Topco.
- "FSMA" means the Financial Services and Markets Act 2000.
- "Funds" means Equistone and Standard Life Investments.

- "Guarantors" means the Company, Blemain Finance Limited, Together Personal Finance Limited (formerly Cheshire Mortgage Corporation Limited), Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Together Commercial Finance Limited (formerly Lancashire Mortgage Corporation Limited), Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.Co.Uk Limited, Auction Finance Limited and Jerrold Holdings Limited (formerly Together Financial Services Limited and formerly Manchester Property Investments Limited).
- "Indenture(s)" means the 2021 Notes Indenture and/or the 2024 Notes Indenture, as applicable.
- "Intercreditor Agreement" means the intercreditor agreement, dated November 9, 2007, as amended and restated from time to time and most recently on October 13, 2016, among, *inter alios*, the Issuer, the Company, the Subsidiary Guarantors and certain lenders and creditors, and to which the Trustee will accede on the Issue Date.
- "Issuer" means Jerrold FinCo plc, a wholly owned subsidiary of the Company.
- "LABS Securitization" means the series of agreements, dated August 13, 2015, as amended and restated from time to time and most recently on January 8, 2018, among, *inter alios*, the Company, certain of the Company's subsidiaries and Lakeside ABS, respectively, establishing a conduit securitizations program of certain of our mortgage loans.
- "Lakeside ABS" means Lakeside Asset Backed Securitisation 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans pursuant to the LABS Securitization.
- "Management Incentive Plan" means the plan, introduced in January 2015, consisting of: (i) the senior management share incentive plan relating to Class D shares of the Company and (ii) the senior management share option plan relating to Class E shares of the Company. See "*Management—Management Incentive Plan.*"
- "Midco2" means Bracken Midco2 Limited, a wholly owned subsidiary of the PIK Notes Issuer.
- "Moser Family Shareholders" means Henry Moser and the D.L. Moser 1995 Family Settlement No1 Trust.
- "Notes" means the 2021 Notes and the 2024 Notes.
- "Novated Shareholder Loan Notes" means the shareholder loan notes in an aggregate principal amount of £43.0 million issued by the Company to the Moser Family Shareholders, novated on November 2, 2016 through a series of transactions resulting in Famco as the issuer of the Novated Shareholder Loan Notes. See "*Shareholders—The Exit Transactions.*"
- "Original Subordinated Shareholder Loan Notes" means the subordinated shareholder loan notes of an aggregate principal amount of £60.0 million issued by the Company to the Moser Family Shareholders and the Funds (as defined herein), of which £17.0 million were repaid as part of the Exit Transactions and the remaining £43.0 million was replaced by the Novated Shareholder Loan Notes. See "*Shareholders—The Exit Transaction*."
- "Other Shareholder Indebtedness Intercompany Loan" means the deeply subordinated loan of £8.1 million in principal amount lent by Midco2 to the Company in connection with the Staff Incentive Plan and certain Exit Transaction costs incurred by the Company on November 2, 2016. See "*Shareholders—The Exit Transactions*" and "*Related Party Transactions—Subordinated Shareholder Funding*."
- "PIK Notes Indenture" means the indenture governing the PIK Notes, among, *inter alios*, the PIK Notes Issuer and Deutsche Trustee Company Limited, as trustee, Deutsche Bank Luxembourg S.A. as registrar and transfer agent and Deutsche Bank AG, London Branch as principal paying agent and as security agent.
- "PIK Notes Issuer" means Bracken Midco1 plc.
- "PIK Notes" means the £220.0 million aggregate principal amount of the PIK Note Issuer's 10½%/11¼% Senior PIK Toggle Notes issued on November 2, 2016.
- "Rated TABS Notes" means the rated Class A notes, the Class B notes, the Class C notes, the Class D notes and the Class E notes issued by Together Asset Backed Securitisation 1 plc pursuant to the TABS Securitization and listed in the Irish Stock Exchange.
- "Refinancing" means the issuance of the 2021 Notes on October 13, 2016 and the use of proceeds therefrom to satisfy and discharge the indenture relating to the 2018 Notes (including the drawn and outstanding repurchase of certain 2018 Notes through a tender offer) and to repay all amounts under the Revolving Credit Facility as of that date.

- "Revolving Credit Facility" means the £57.5 million, syndicated revolving credit loan facility (of which £nil million was outstanding as of September 30, 2017), dated November 9, 2007, as amended and restated from time to time, between, *inter alios*, the Company, the Subsidiary Guarantors and certain lenders.
- "Securitizations" means the Conduit Securitizations and the Term Securitization.
- "Securitization Vehicles" means Charles Street ABS, Lakeside ABS, Delta ABS and/or Together ABS, as appropriate.
- "Security Documents" means (1) the fixed and floating charge dated February 22, 2017 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 and (4) 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.
- "Shareholder Loan Notes Novation Intercompany Loan" means the £43.0 million in principal amount loan Midco2 lent to the Company incurred in connection with the novation of the obligations under the Novated Shareholder Loan Notes from the Company to Famco on November 2, 2016. See "*Shareholders—The Exit Transactions*" and "*Related Party Transactions—Subordinated Shareholder Funding*."
- "Shareholder Loan Notes Repayment Intercompany Loan" means the £17.0 million in principal amount deeply subordinated loan Midco2 lent to the Company in connection with the partial repayment of the Original Subordinated Shareholder Loan Notes on November 2, 2016. See "*Shareholders—The Exit Transactions*" and "*Related Party Transactions—Subordinated Shareholder Funding*."
- "Standard Life Investments" means certain funds managed by Standard Life Capital Partners and certain of its affiliates.
- "Staff Incentive Plan" means the plan introduced in July 2014 related to cash payments to qualifying employees upon the occurrence of the Exit Transactions. See "*Management—Staff Incentive Plan.*"
- "Subordinated Shareholder Funding" means the Shareholder Loan Notes Novation Intercompany Loan, the Shareholder Loan Notes Repayment Intercompany Loan and the Other Shareholder Indebtedness Intercompany Loan. See "*Related Party Transactions*."
- "Subordination Deed" means the agreement among the PIK Notes Issuer, Topco, the PIK Notes security agent and the PIK Notes trustee entered into on November 2, 2016 providing for the subordination of the obligations with respect to the PIK Notes subordinated shareholder funding to the obligations of the PIK Notes Issuer under the PIK Notes.
- "Subsidiary Guarantors" means the Guarantors other than the Company.
- "TABS Securitization" means the series of agreements, dated September 29, 2017, among, *inter alios*, the Company, certain of the Company's subsidiaries and Together ABS, as applicable, establishing a term securitization program of certain of our mortgage loans.
- "TCFL" means Together Commercial Finance Limited (formerly Lancashire Mortgage Corporation Limited).
- "Term Securitization" means the TABS Securitization.
- "Together ABS" means Together Asset Backed Securitisation 1 plc, a special purpose vehicle that purchased certain of our mortgage loans pursuant to the TABS Securitization.
- "Together Financial Services," "Together," "group," "we," "us" and "our" mean the Company and its consolidated subsidiaries, except where the context otherwise requires.
- "Topco" means Bracken Topco Limited, a wholly owned subsidiary of Famco and the direct parent company of the PIK Notes Issuer.
- "TPFL" means Together Personal Finance Limited (formerly Cheshire Mortgage Corporation Limited).
- "Vendor Notes" means the deferred interest payment-in-kind notes in an aggregate principal amount of £100.0 million originally issued by Midco2 to the Funds on November 2, 2016 and rolled-up to Topco. See "*Shareholders—The Exit Transactions.*"

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 2024 Additional 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 2024 Additional Notes and the tax and other considerations which are important to your decision to invest in the 2024 Additional Notes, including the more detailed information in the consolidated 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 2024 Additional 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 43 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 74% 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 supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom, professional firms and auction houses and through our direct sales teams. We underwrite and service all our loans in-house, providing efficient automated processing primarily utilizing manual underwriting to determine the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2017 and the three months ended September 30, 2017, we had interest receivable and similar income of £246.5 million and £68.0 million, respectively, and EBITDA of £185.2 million and £52.8 million, respectively. Our EBITDA for the twelve months ended September 30, 2017 was £191.9 million. Excluding the effects of exceptional items related to the Exit Transactions, Underlying EBITDA for the three months ended September 30, 2017 and the twelve months ended September 30, 2017 was £52.8 million and £200.1 million, respectively. For the three months ended September 30, 2017 and the twelve months ended September 30, 2017, we advanced £376.3 million and £1,333.7 million of new lending, respectively. As of September 30, 2017, we had Shareholders' Funds of £678.7 million. As of September 30, 2017, our total loan assets were £2,369.4 million, with an average loan value of approximately £77,700. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*."

As of September 30, 2017, 33.6% of our loan portfolio was classified as retail purpose, 62.1% of our loan portfolio was classified as commercial purpose and 4.3% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the Financial Conduct Authority ("FCA") as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home (including "chain breaks," which are loans used by customers looking to purchase a new home ahead of completing the sale of their existing home), making home improvements, debt consolidation and large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("CBTL") written after this date. Our retail purpose loans also include regulated bridging loans. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property (but excluding regulated bridging loans). Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 31.0% of our development loans were underwritten prior to 2010 which we continue to

support, and 69.0% were underwritten from 2010 onwards. As of September 30, 2017, 100% of our retail purpose loans and 60.4% of our commercial purpose loans (including development loans) were secured by residential property.

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

As of September 30, 2017, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the twelve months ended September 30, 2017, with the LTVs of our loan portfolio on a weighted average indexed basis as of September 30, 2017 at 54.4%, and the LTV on a weighted average basis of new loans underwritten by us for the twelve months ended September 30, 2017 at 57.4%. As of September 30, 2017, 93.7% of our total loan portfolio and 89.5% 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 property prices and economic downturns, thereby minimizing our levels of provisions and losses. For the years ended June 30, 2015, 2016 and 2017 and the three months ended September 30, 2016 and 2017, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million, £13.8 million, £7.4 million, £2.1 million and £1.6 million, respectively, representing on an annualized basis only 0.6%, 0.9%, 0.4%, 0.5% and 0.3%, respectively, of our average total loan assets for each period.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings (including our Securitizations) to total loan assets was 71.4% as of September 30, 2017. 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 38.8% as of September 30, 2017.

Retail Purpose Lending

As of September 30, 2017, retail purpose loans comprised 33.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 49.3% and a weighted average nominal rate of 9.1%, substantially all of which were secured by residential property. We lend to customers with a wide range of residential properties which can also include non-standard property types, such as timber-framed properties, thatched cottages and high-rise flats. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes.

First lien and second lien loans represented 32.3% and 67.7% of our retail purpose loans, respectively, calculated by value as of September 30, 2017. We offer retail purpose loans under the "Together" brand through our subsidiary, Together Personal Finance Limited ("TPFL," formerly Cheshire Mortgage Corporation Limited), which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until March 21, 2016, we also offered second lien mortgages through our subsidiary Blemain Finance Limited ("BFL"), which will continue managing its existing loan portfolio. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. As of September 30, 2017, CBTL mortgages represented £41.2 million or 1.7% of our total loan portfolio. Our retail purpose loans also include regulated bridging loans which were introduced in February 2016 and which have steadily grown in volume over recent periods and as of September 30, 2017, represented £62.9 million or 2.6% of our total loan portfolio. Our retail purpose loans are distributed primarily through an established network of brokers, with a small portion sold directly to new, current and previous customers. In the twelve months ended September 30, 2017, we distributed approximately 91.6% of our retail purpose loans through our established network of brokers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Commercial Purpose Lending

As of September 30, 2017, commercial purpose loans comprised 62.1% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 54.8% and a weighted average nominal rate of 10.7%, 48.3% of which are short-term commercial purpose loans and 51.7% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans (excluding regulated bridging loans), defined as having original maturities of up to 24 months, are secured by property, of which 48.5% is residential and 51.5% 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 72.0% is residential and 28.0% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as "BTL+," which includes our buy-to-let lending activity (excluding CBTL) but including first-time landlords and portfolio landlords, as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both (i) more than 50% of loan proceeds are for business purposes and (ii) where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as commercial security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 87.4% and 12.6% of our short-term commercial purpose loans, respectively, and 72.0% and 28.0% of our medium and long-term commercial purpose loans, respectively, calculated by value as of September 30, 2017. We offer commercial purpose loans under the "Together" brand through our subsidiary Together Commercial Finance Limited ("TCFL," formerly Lancashire Mortgage Corporation Limited). Until recently, we also offered commercial purposes loans through our subsidiaries, Auction Finance Limited ("AFL"), Bridging Finance Limited ("BDFL") and Harpmanor Limited ("HARPL"). In April 2017, we completed the process of consolidating the distribution of commercial purpose loans into TCFL. Each of AFL, BDFL and HARPL will continue to manage their respective existing loan portfolios.

In the twelve months ended September 30, 2017, we distributed 60.6% of our short-term commercial purpose loans through direct channels which consist of, *inter alios*, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. In the twelve months ended September 30, 2017, we distributed 39.4% of our short-term commercial purpose loans through our established network of brokers. In the twelve months ended September 30, 2017, we distributed 89.5% of our medium- and long-term commercial purpose loans through our established network of brokers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of September 30, 2017, development loans comprised 4.3% of our loan portfolio. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 31.0% were originated prior to December 31, 2009 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since January 1, 2010 and subsequently redeemed had a

weighted average elapsed term of 11.9 months. For the twelve months ended September 30, 2017, we extended £38.5 million in further advances on loans originated prior to September 30, 2016 (of which £0.1 million related to loans originated prior to 2010) and have underwritten £60.6 million in new development loans comprised of £32.2 million of initial advances and £28.4 million of further advances. As of September 30, 2017, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. As of September 30, 2017, we recorded allowances for impairment on development loans of £13.9 million, which incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of September 30, 2017.

		Commercial Purpose[1] 62.1%			
	Retail Purpose[6] 33.6%	**Short-term Commercial Purpose 30.0%**	**Medium- and Long-term Commercial Purpose[3] 32.1%**		**Development 4.3%**
			Commercial Security 9.0%	**BTL + 23.1%**	
Principal Subsidiaries	• TPFL • BFL[4]	• TCFL • BDFL[4] • AFL[4] • HARPL[4]	• TCFL • HARPL[4]	• TCFL • BFL[4] • HARPL[4]	• TCFL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth individuals
Regulator	FCA	Unregulated	Unregulated	Unregulated	Unregulated
Distribution	• Brokers • Direct sales	• Brokers • Professional referrals • Auction houses • Direct sales	• Brokers • Professional referrals • Direct sales	• Brokers • Professional referrals • Direct sales • Auction houses	• Brokers • Professional referrals • Direct sales
Security	• Residential property	• Residential property • Commercial and semi-commercial property	• Commercial and semi-commercial property	• Residential property	• Residential property • Commercial and semi-commercial property
Terms	1 to 30 years	Up to 24 months	2-30 years	2-30 years	Through to completion and sale of units
Loan Portfolio Value	• First lien: £257.9 million • Second lien: £541.6 million • Total: £799.5 million	• First lien: £623.4 million • Second lien: £89.7 million • Total: £713.1 million	• First lien: £199.9 million • Second lien: £13.2 million • Total: £213.2 million	• First lien: £348.6 million • Second lien: £200.3 million • Total: £548.8 million	• First lien: £78.6 million • Second lien: £24.6 million • Total: £103.2 million
Number of Loans	• First lien: 3,324 • Second lien: 16,867 • Total: 20,191	• First lien: 1,968 • Second lien: 420 • Total: 2,388	• First lien: 1,583 • Second lien: 173 • Total: 1,756	• First lien: 3,097 • Second lien: 2,899 • Total: 5,996	• First lien: 185 • Second lien: 85 • Total: 270
Weighted Average Indexed LTV	• First lien: 45.8% • Second lien: 50.9% • Total: 49.3%	• First lien: 57.5% • Second lien: 58.2% • Total: 57.6%	• First lien: 48.8% • Second lien: 45.3% • Total: 48.5%	• First lien: 52.5% • Second lien: 55.5% • Total: 53.6%	• First lien: 81.7% • Second lien: 104.5% • Total: 87.0%

	Retail Purpose[6] 33.6%	Commercial Purpose[1] 62.1%			Development 4.3%
		Short-term Commercial Purpose 30.0%	Medium- and Long-term Commercial Purpose[3] 32.1%		
			Commercial Security 9.0%	BTL + 23.1%	
Weighted Average Nominal Rate	• First lien: 8.0% • Second lien: 9.6% • Total: 9.1%	• First lien: 12.5% • Second lien: 13.0% • Total: 12.5%	• First lien: 9.5% • Second lien: 10.1% • Total: 9.5%	• First lien: 8.9% • Second lien: 8.9% • Total: 8.9%	• First lien: 12.0% • Second lien: 10.9% • Total: 11.8%
Average Inception Loan Size[3]	• First lien: £80.0 thousand • Second lien: £35.8 thousand • Total: £43.1 thousand	• First lien: £341.7 thousand • Second lien: £228.6 thousand • Total: £321.8 thousand	• First lien: £131.7 thousand • Second lien: £82.4 thousand • Total: £126.8 thousand	• First lien: £117.8 thousand • Second lien: £71.9 thousand • Total: £95.6 thousand	• First lien: £343.7 thousand • Second lien: £167.3 thousand • Total: £288.2 thousand
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: £114.6 thousand • Second lien: £68.6 thousand • Total: £87.5 thousand	• First lien: £387.5 thousand • Second lien: £309.7 thousand • Total: £377.7 thousand	• First lien: £156.3 thousand • Second lien: £109.9 thousand • Total: £151.9 thousand	• First lien: £139.8 thousand • Second lien: £82.0 thousand • Total: £110.8 thousand	• First lien: £386.2 thousand • Second lien: £150.6 thousand • Total: £339.1 thousand
Number of Loans Underwritten in the Last 12 Months	• First lien: 1,477 • Second lien: 2,120 • Total: 3,597	• First lien: 1,445 • Second lien: 209 • Total: 1,654	• First lien: 541 • Second lien: 56 • Total: 597	• First lien: 919 • Second lien: 926 • Total: 1,845	• First lien: 76 • Second lien: 19 • Total: 95
Value of Loans Underwritten in the Last 12 Months (excluding further advances of £66.9 million)[5] [6]	• First lien: £169.3 million • Second lien: £145.5 million • Total: £314.8 million[6]	• First lien: £560.0 million • Second lien: £64.7 million • Total: £624.7 million	• First lien: £84.6 million • Second lien: £6.2 million • Total: £90.7 million	• First lien: £128.4 million • Second lien: £75.9 million • Total: £204.4 million	• First lien: £29.4 million • Second lien: £2.9 million • Total: £32.2 million
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: 7.5% • Second lien: 7.4% • Total: 7.5%	• First lien: 11.8% • Second lien: 12.6% • Total: 11.9%	• First lien: 8.8% • Second lien: 9.3% • Total: 8.8%	• First lien: 7.7% • Second lien: 8.1% • Total: 7.8%	• First lien: 13.0% • Second lien: 13.8% • Total: 13.0%
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien: 49.1% • Second lien: 58.0% • Total: 53.2%	• First lien: 59.5% • Second lien: 58.6% • Total: 59.4%	• First lien: 54.3% • Second lien: 50.1% • Total: 54.0%	• First lien: 59.4% • Second lien: 61.7% • Total: 60.3%	• First lien: 45.4% • Second lien: 51.6% • Total: 45.9%

(1) The aggregate average inception loan size of commercial loans is £154.3 thousand.

(2) The aggregate average inception loan size of retail, commercial purpose and development loans is £82.1 thousand.

(3) The average inception loan size of medium- and long-term commercial purpose loans is £102.7 thousand.
(4) AFL, BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.
(5) The above analysis excludes £0.2 million of advances from Spot Finance.
(6) Retail purpose loans underwritten in the last twelve months ended September 30, 2017 of £314.8 million includes £35.0 million of CBTL loans and £68.5 million of regulated bridging loans. Such loans are segmented into first and second lien as appropriate.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our Shareholders' Funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, capital markets indebtedness represented by notes and the Conduit Securitizations. As of September 30, 2017, our Shareholders' Funds were £678.7 million, including Subordinated Shareholder Funding with a carrying value of £23.7 million. See "*Related Party Transactions—Subordinated Shareholder Funding*" and Note 23 to the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017. As of September 30, 2017, the total commitments available under the CABS Securitization, the LABS Securitization and the DABS Securitization were £1,000.0 million (£720.0 million outstanding), £255.0 million (£145.0 million outstanding) and £90.0 million (£70.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £57.5 million (£nil outstanding).

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes to the Originators and £5.2 million Class R notes issued to the Company. The Class R notes represent an amortizing reserve of liquidity in an aggregate amount equal to approximately 2% of the Rated TABS Notes at any time outstanding. The Class Z notes represent an interest of 5% of the aggregate principal balance of the mortgage loans in the TABS Securitization portfolio as of September 30, 2017 that is subordinate to the Rated TABS Notes' interests. The assets purchased by Together ABS from the Originators had been re-purchased by the Originators from Charles Street ABS in connection with the establishment of the TABS Securitization. As of September 30, 2017, the total amount of outstanding Rated TABS Notes was £261.3 million. Unlike the Conduit Securitizations which are revolving facilities, the TABS Securitization is a term securitization, and Together ABS does not buy additional mortgages from the Originators on an ongoing basis. Pursuant to the terms of the TABS Securitization, the Originators may also be required to either substitute or fund any loans that no longer meet certain criteria. Together ABS's assets are included within our consolidated accounts included herein.

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

The assets of the special purpose vehicles related to the Securitizations are included within our consolidated accounts presented herein. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS only) and commercial purpose loans eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria and portfolio requirements, and transferred at their principal loan balance. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the loans, approximately 86% have been eligible at origination for sale to Charles Street ABS, since establishing LABS Securitization in August 2015, due to the nature of the loans, approximately 23% of loans underwritten by us have been eligible for sale to Lakeside ABS and since establishing DABS Securitization in January 2017, due to the nature of the loans, approximately 39% of loans underwritten by us have been eligible for sale to Delta ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated notes issued by Charles Street ABS, Lakeside ABS or Delta ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with

eligible loans. We estimate principal losses recognized on loans repurchased from the CABS Securitization were, on average, less than £0.02 million per year between January 1, 2013 and September 30, 2017. Principal losses recognized on loans repurchased from the LABS Securitization has been less than £0.01 million since its inception in August 2015 until September 30, 2017. Principal losses recognized on loans repurchased from the DABS Securitization has been £nil since its inception in January 2017 until September 30, 2017.

Surplus income of each of the Securitization Vehicles, after paying interest and fees in connection with the applicable Securitization, is paid to the Originators on a monthly basis, except during a default or full amortization period, as applicable. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.4 million per month between October 1, 2016 and September 30, 2017 (or £88.8 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.6 million per month between October 1, 2016 and September 30, 2017 (or £30.6 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the DABS Securitization, amounted to an average of £0.8 million per month between February 1 and September 30, 2017 (£6.1 million for the eight months ended September 30, 2017).

As of September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £897.1 million, had cash of £40.9 million and net creditors of £0.6 million. As of September 30, 2017, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £720.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £217.4 million.

As of September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £192.2 million, had cash of £10.4 million and net debtors of £1.0 million. As of September 30, 2017, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £145.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £58.5 million.

As of September 30, 2017, Delta ABS held total loan assets with a principal balance of £82.7 million, had cash of £5.3 million and net debtors of £0.7 million. As of September 30, 2017, total commitments under the note issuance facility under the DABS Securitization were £90.0 million and total notes outstanding were £70.0 million. As of September 30, 2017, total subordinated notes outstanding were £18.6 million.

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes issued to the Originators and £5.2 million Class R notes issued to the Company. As of September 30, 2017, total Rated TABS Notes outstanding were £261.3 million.

As of June 30, 2015, 2016 and 2017 and September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £805.9 million, £952.2 million, £1,065.2 million and £897.1 million, respectively. As of June 30, 2016 and 2017 and September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £242.1 million, £214.6 million and £192.2 million, respectively. As of June 30, 2017 and September 30, 2017, Delta ABS held total loan assets with a principal balance of £83.7 million and £82.7 million, respectively. For additional information in respect of the Securitizations, see "*Description of Certain Financing Arrangements—Securitizations*." The Borrower Group's total loan assets, as of June 30, 2015, 2016 and 2017 and September 30, 2017 were £617.7 million, £606.4 million, £877.4 million and £924.1 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £519.6 million, £833.0 million, £1,000.9 million and £319.4 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £153.0 million, £191.9 million, £227.6 million and £61.5 million of interest and fees, respectively, and £366.6 million, £641.1 million, £773.3 million and £257.9 million of principal receipts, respectively. Cash Receipts expressed as a percentage of total average loan assets were 42.0%, 51.7% and 49.5% in the years ended June 30, 2015, 2016 and 2017. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017, were 50.7% and 55.4%, respectively.

The Borrower Group generated £286.8 million, £425.2 million, £495.2 million and £165.5 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £61.5 million, £52.0 million, £68.1 million and £19.5 million of interest and fees, respectively, £155.3 million, £268.7 million, £302.4 million and £114.3 million of principal receipts, respectively, and £70.0 million, £104.6 million, £124.7 million and £31.7 million surplus income from the Securitizations, respectively. Cash Receipts expressed as a percentage of total average loan assets of the Borrower Group were 50.1%, 69.5% and 66.7% in the years ended June 30, 2015, 2016 and 2017, respectively. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017 were 79.4% and 73.5%, respectively. See "*—Our sources of funding*."

The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016 and 2017, respectively, resulting in cash available for debt service and originating new loans of £467.4 million, £771.8 million and £898.7 million (£901.8 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £295.4 million.

The Borrower Group had cash outflows relating to overheads and expenses, tax and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016 and 2017, respectively, resulting in cash available for debt service and originating new loans of £234.6 million, £364.0 million and £393.1 million (£396.2 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The Borrower Group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £141.5 million.

The group paid interest costs of £43.6 million, £61.7 million and £78.6 million (£63.5 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The group paid interest costs of £27.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. Debt issuance costs for the three months ended September 30, 2017 were related to the issuance of the TABS Securitization and the refinancing of the Revolving Credit Facility.

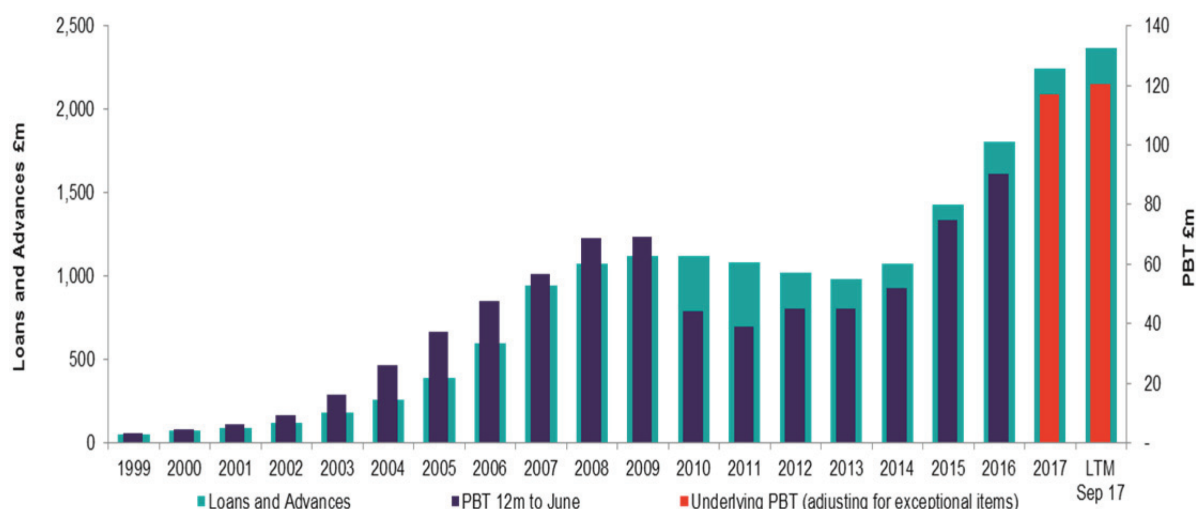
The Borrower Group paid interest costs of £24.7 million, £32.3 million and £43.4 million (£28.3 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The Borrower Group paid interest costs of £16.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. See "*—Our Sources of Funding*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

Our Competitive Strengths

Track record of continuous profitable growth through multiple business cycles. We have been profitable since our establishment over 43 years ago, including throughout the most recent financial crisis and economic downturn, during which many of our competitors and financial institutions in general suffered significant losses, with a number of our competitors discontinuing originating loans or, in certain instances, ceasing trading. We remained profitable throughout such period and experienced only relatively modest reductions in the aggregate amount of our loan portfolio. In the years ended June 30, 2015, 2016 and 2017 and in the three months ended September 30, 2017, we had profit before taxation of £74.8 million, £90.3 million, £117.1 million (as adjusted for exceptional items associated with the Refinancing and Exit Transactions of £23.0 million) and £31.0 million. We have historically generally reinvested all of our profits in our business, which has supported the growth in our balance sheet and resulted in Shareholders' Funds as of September 30, 2017, of £678.7 million. In the years

ended June 30, 2015, 2016 and 2017 and in the twelve months ended September 30, 2017, we advanced £725.1 million, £1,011.5 million, £1,185.4 million and £1,333.7 million of new loans, respectively.

The chart below demonstrates the growth of our loan book and our profit before taxes in the period from the year ended June 1999 to the year ended June 30, 2016 and demonstrates the growth of our loan book and our profit before taxes in respect of the year ended June 30, 2017 and twelve months ended September 30, 2017, after adjusting for exceptional items (the "Underlying profit before tax"). Information for the period from June 30, 1999 to June 30, 2014 is presented in accordance with UK GAAP, while information for the years ended June 30, 2015, 2016 and 2017 and for the twelve months ended September 30, 2017 is presented in accordance with IFRS.



For the years ended June 30, 2015, 2016 and 2017, our EBITDA was £127.9 million, £159.3 million and £185.2 million, respectively, and our Underlying EBITDA for the year ended June 30, 2017 was £193.4 million. In the twelve months to September 30, 2017, our EBITDA was £191.9 million and our Underlying EBITDA was £200.1 million, in accordance with IFRS, compared to approximately £126 million in the year ended June 30, 2008, in accordance with UK GAAP.

Unique and proven business model focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both retail and commercial purposes, secured on both residential and commercial property, at low LTVs, to homeowners, small and medium-sized enterprises ("SMEs"), property investors and high net worth individuals. According to UK Finance (previously the Council of Mortgage Lenders) and the Bank of England, the total United Kingdom mortgage market has grown from the twelve months ended June 2011 to the twelve months ended June 2017 in terms of value of the annual mortgage originations at a compound annual rate of 10.7%, with increasing levels of available homeowners' and property investors' equity. According to the UK Finance and the Bank of England, in the twelve months ended June 2017, annual mortgage originations were £246 billion, 0.6% up on the comparable prior period. The slowdown in growth during this period (particularly the six months ended December 31, 2016) has been, in part, attributed to the government initiatives related to the buy-to-let sector (in particular, stamp duty charges introduced in April 2016) and uncertainty following the Brexit referendum. More recently, however, originations have increased again with originations for the twelve months ended October 2017 increasing by 3.8% compared to the previous twelve-month period. We identify and operate in niche market segments of the broader mortgage market, in which customers are generally underserved by high street lenders. As a result of economic and regulatory trends that have affected high street lenders, borrowers are increasingly seeking financing from alternative lenders. In capturing such market growth, we differentiate ourselves from our competitors by our specialist underwriting skills, speed of execution, distribution network, service delivery and product range. Customers, brokers and our other distribution partners turn to Together because of our product offering combined with a flexible, customized approach that allows us to meet our customers' needs. Our customers are often unable to secure funding from mainstream lenders, in a timely fashion or at all, due to the customers' historical circumstances, the nature of the property to be financed, the borrowing purpose or the speed in which the funds are required. Mainstream lenders often automate the underwriting process, which can lead to rejection of large numbers of creditworthy customers as a result of non-standard loan applications. Our underwriting process is based on the principles of affordability, sustainability and recoverability, which take into consideration default minimums, stress buffers, customer history and financial

position, understanding of the repayment strategy and in-depth security reviews with valuations comparison, and legal reviews. Our use of manual underwriting processes 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 purely using a general credit score approach. In addition, brokers turn to Together because of our broad and flexible product offering, our experience and strong reputation having been established for 43 years and our levels of service. Our capabilities are supported by our fully developed in-house platform, from origination through to servicing collections, all located within our modern head offices. We continually seek to identify new opportunities to develop our loan offerings through our product development team, which works closely with brokers and other stakeholders in our distribution channels to identify new niche market segments where customers are underserved. By operating in markets with less competition and only lending at low LTVs, we are able to achieve an attractive risk-adjusted return on our total loan assets. The weighted average nominal rate of new loans underwritten by us for the twelve months ended September 30, 2017 was 10.0%. Our net interest margin (excluding exceptional items related to the Refinancing) for the twelve months ended September 30, 2017 was 8.5%.

Broad, growing distribution network, supported by long-standing relationships with brokers and direct routes to markets. Our established and diversified distribution channels consist of our established network of brokers and our direct channels. Our direct channels include originations through our relationships with auction houses, sourced from our professional network, including lawyers, accountants, bankers and surveyors, repeat customers and our own direct sales teams. In the twelve months ended September 30, 2017, 63.8% of the loans (by value) we extended were sourced from brokers and 36.2% were sourced from our direct channels. Our broad third party distribution network is primarily based on stable and long standing relationships with these partners. Our relationships with brokers were further strengthened during the global financial crisis as a result of the related reduction in the number of competitors that operated within our market segments during this period, in which we continued to lend. In addition, we recently have also started to expand our broker outreach through our emerging relationships with mortgage networks and clubs. For the twelve months ended September 30, 2017, we originated loans through approximately 435 brokers (an increase from 205 brokers in the year ended June 30, 2012), 166 of which each generated new advances in excess of £0.5 million compared to 40 such brokers in the year ended June 30, 2012. Our rebranding to "Together" supports both origination through our direct channels and our established network of brokers. For the twelve months ended September 30, 2017, our largest individual broker accounted for 9.4% of aggregate broker advances, our top ten and top 20 brokers accounted for 38.9% and 53.7% of aggregate broker advances, respectively. In the twelve months ended September 30, 2017, our largest broker in commercial purpose and retail purpose lending accounted for 12.8% of total commercial purpose broker advances and 7.9% of total retail purpose broker advances.

Prudent underwriting leading to strong asset backing and robust credit performance. Together has built a loan portfolio which we believe is well-balanced across retail purpose (which also includes CBTL and regulated bridge loans) and commercial purpose loans (including buy-to-let), maturity lengths, geographical spread and niche markets. We have refined our underwriting process based on over 43 years of experience, including through various property crises and while remaining profitable throughout such periods. Approximately 74% of our loans are secured on residential properties and the balances are secured on commercial and semi-commercial properties. A long standing, fundamental principle of our group has been lending at low LTVs, which mitigates our risk of loss in the event of repossession and, we believe, provides our customers an incentive to engage with us to find acceptable solutions in the event they face difficulties meeting their financial obligations. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices, as shown by our modest levels of bad and doubtful debts charges throughout the 2008-2011 period. The weighted average indexed LTV of our loan portfolio, as of September 30, 2017, was 54.4% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of September 30, 2017, was 59.1%. As of September 30, 2017, 93.7% of our loan portfolio and 89.5% our Borrower Group's loan portfolio had an origination LTV less than 75%. For additional information in respect of the Borrower Group's loan portfolio, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrower Group Loan Analysis*." The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2006 and 2007 (prior to the recent global financial crisis) was 65.6% and 65.8%, respectively. The weighted average LTV of new loans underwritten between July 1, 2009 and June 30, 2013 (during the recent global financial crisis) was 52.6%. The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2014, 2015, 2016 and 2017 (following the recent global financial crisis) and for the twelve months ended September 30, 2017 was 54.4%, 55.4%, 57.1%, 56.9% and 57.4%, respectively with 2.4%, 1.2%, 0.8%, 2.0% and 2.4% of new loans underwritten having an LTV in excess of 80%, respectively and, for the three months ended September 30, 2016 and September 30, 2017, the weighted average LTV of new loans underwritten in such period was 55.5% and

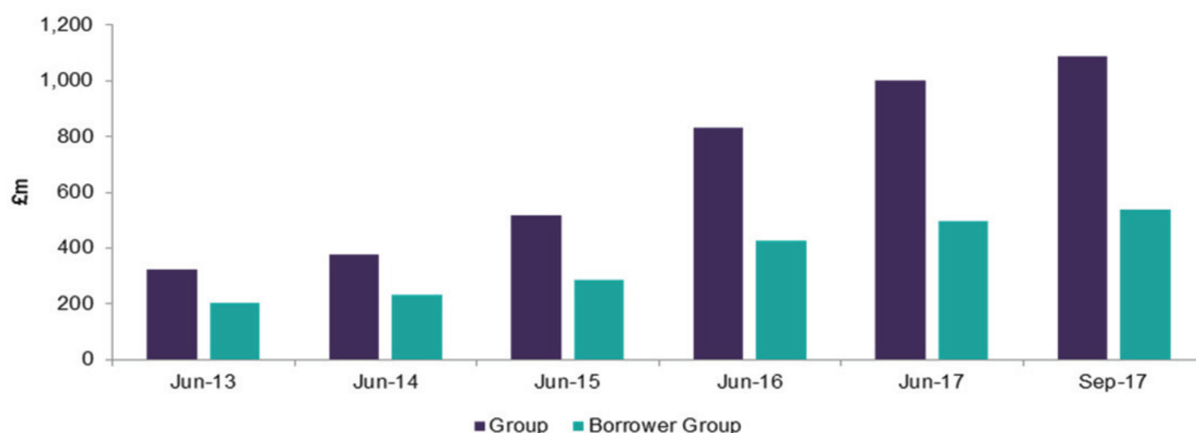
57.8%, respectively. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of September 30, 2017, when comparing our loan balances (before allowances for impairment) to the respective indexed valuations of the properties, an assumed 20% decline to indexed valuations on a loan by loan basis would result in an additional negative equity exposure of £20.0 million and £19.3 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities*."

Strong sources of funding. We have strong sources of funding, including cash from operations, the Conduit Securitizations, the Term Securitization, the Revolving Credit Facility, the 2021 Notes, the 2024 Existing Notes, the 2024 Additional Notes offered hereby and shareholder funding. In the case of the Conduit Securitizations and the Revolving Credit Facility, our lenders consist of financial institutions with whom we have long-standing relationships as well as additional leading financial institutions which have recently acceded to the Conduit Securitizations and the Revolving Credit Facility. In August 2015, we entered into a £255.0 million LABS Securitization program, with some of the same lenders as under the CABS Securitization. In March 2016, we increased the CABS Securitization, by £325.0 million to £1,000 million, extended the maturity to 2021 and improved the commercial terms. On October 13, 2016, we refinanced the £300.0 million aggregate principal amounts of 9¾% Senior Secured Notes due 2018 with £375.0 million aggregate principal amount of 6¼% Senior Secured Notes due 2021. On January 26, 2017, we entered into a £90.0 million securitization focused on bridging loans (the "DABS Securitization"). On February 22, 2017, we issued £200.0 million of 6⅛% Senior Secured Notes due 2024. On June 5, 2017, we increased our Revolving Credit Facility from £29.0 million to £57.5 million and extended the maturity to 2021. On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes issued to the Originators and £5.2 million Class R notes issued to the Company. As of September 30, 2017, total Rated TABS Notes outstanding were £261.3 million (the "TABS Securitization"). In January 2018, we have extended the maturity of the LABS Securitization and improved the commercial terms. We have a track record of successfully extending maturity, increasing the size and enhancing the terms of our financing arrangements in line with our growth and have a maximum exposure of 24.4% to any single lending counterparty under the Conduit Securitizations and the Revolving Credit Facility as a percentage of such drawn balances as of September 30, 2017. We adopt a policy of regularly extending the Conduit Securitizations and Revolving Credit Facility, and we believe that the weighted average maturity profile of such facilities provides continuity even in economically challenging periods. Our weighted average maturity profile of our drawn facilities increased from approximately 3.4 years as of September 30, 2016 to approximately 3.6 years as of September 30, 2017 (3.8 years reflecting the maturity extension of the LABS Securitization). Our diversified funding structure has allowed us to reduce our costs of borrowing, from 5.8% for the twelve months ended September 30, 2016 to 4.9% for the twelve months ended September 30, 2017, both adjusted to exclude exceptional interest costs associated with the Refinancing and ignoring the full impact of the TABS Securitization, which we entered into on September 29, 2017, and the renewal of the LABS Securitization on January 8, 2018.

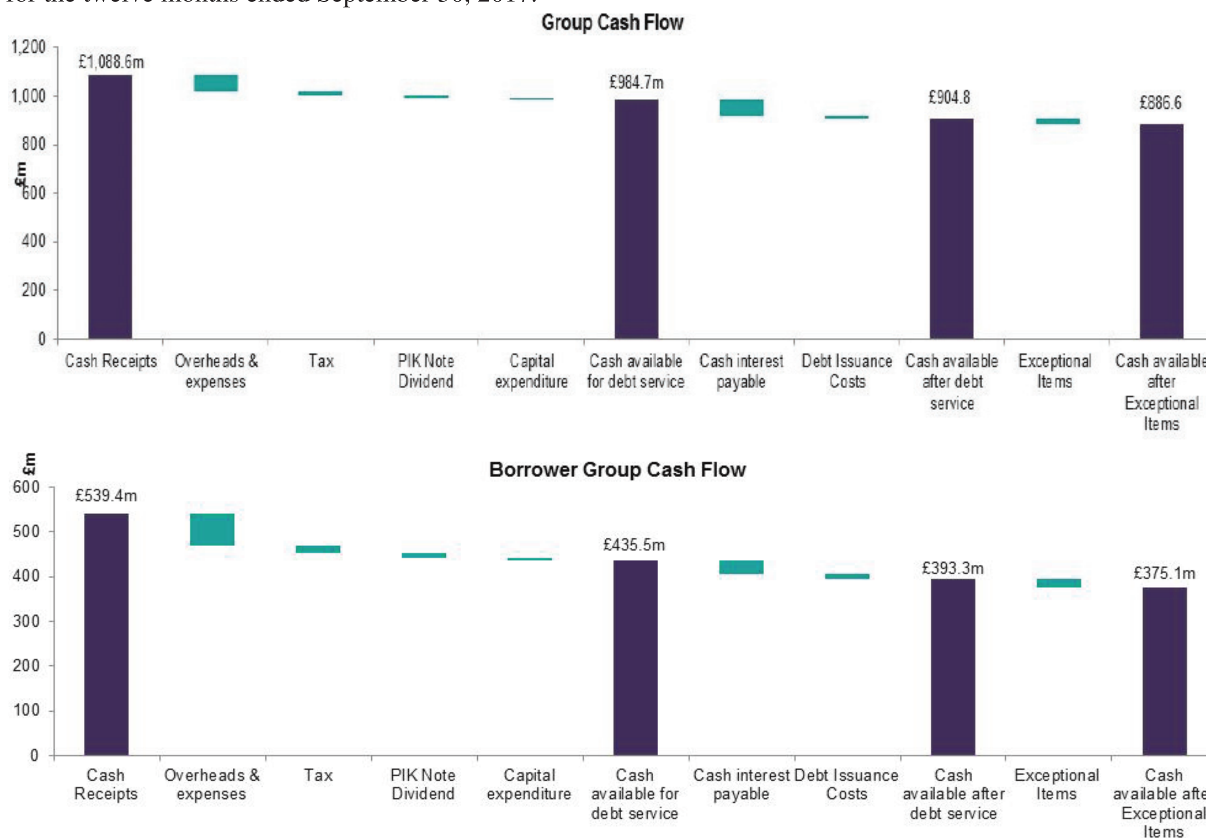
Highly cash generative. The group is highly cash generative and had £1,088.6 million of Cash Receipts for the twelve months ended September 30, 2017, comprising £236.0 million of interest and fees and £852.6 million of principal receipts. As of September 30, 2017, our total loan assets were £2,369.4 million. The levels of cash generation have been increasing over the past years, supported by the high growth of our loan book in the same period, and partly through the high levels of short-term commercial purpose loans, which have a faster redemption profile in comparison with other types of loans that we offer. Cash Receipts expressed as a percentage of total average loan assets were 51.7%, 49.5% and 51.5% in the years ended June 30, 2016, 2017 and the twelve months ended September 30, 2017, respectively. The Borrower Group generated £539.4 million of Cash Receipts in the twelve months ended September 30, 2017, comprised of £72.9 million in interest and fees, £340.6 million in principal receipts and £125.9 million surplus income from the Securitizations. See "*—Overview—Our Sources of Funding*." Cash Receipts for the Borrower Group expressed as a percentage of average loan assets of the Borrower Group were 69.5%, 66.7% and 70.1% in the years ended June 30, 2016, 2017 and the twelve months ended September 30, 2017. The group had cash outflow related to overheads and expenses, tax, dividends and capital expenditure of £107.1 million in the twelve months ended September 30, 2017 (Overheads and expenses, tax, dividends and capital expenditures of £104.0 million, excluding the effects of exceptional items related to the Exit Transactions of £3.1 million in the twelve months ended September 30, 2017), resulting in cash available for debt service and underwriting new loans of £981.6 million for the group and £432.4 million for the Borrower Group (cash available for debt service and underwriting new loans of £984.7 million for the group and £435.5 million for the Borrower Group, excluding the effects of exceptional items related to the Exit Transactions of £3.1 million in

the twelve months ended September 30, 2017). We are able to effectively manage our liquidity by controlling the amount of new loans we underwrite in any given period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

The table below sets forth Cash Receipts by the group and the Borrower Group for the years ended June 30, 2015, 2016 and 2017 and for the twelve months ended September 30, 2017.



The tables below set forth the paid interest costs and debt issuance costs for the group and the Borrower group for the twelve months ended September 30, 2017.



For the twelve months ended September 30, 2017, cash flows available for debt repayments or new advances are £899.7 million after overheads and expenses, capital expenditure, taxes, PIK Note dividend and interest expenses have been taken off but before debt issuance costs of £13.1 million (£917.8 million excluding the effects of exceptional interest payable related to the Refinancing of £15.1 million and exceptional items related to the Exit Transaction of £3.1 million) and are equivalent to 82.6% of total Cash Receipts of £1,088.6 million (84.3% excluding the effects of exceptional items related to the Refinancing and Exit Transactions). For the twelve months ended September 30, 2017, loan advances required to maintain the size of the loan book at September 30, 2016 are estimated to be approximately £820 million with associated debt issuance costs of approximately £9 million, assuming a ratio of 1.1% debt issuance costs to loan advances.

For the twelve months ended September 30, 2017, cash flows available for debt repayments or new advances (excluding the effects of exceptional items related to the Refinancing and Exit Transactions) were 4.6 times Underlying EBITDA.

Active and effective arrears and collections management. We actively manage our level of arrears by employing a variety of collection strategies based on the particular circumstances of each customer, acting fairly and appropriately, in line with our internal policies and regulatory requirements for collections. Due to our active management of arrears, in addition to our strong underwriting and the conservative LTV profile of our loan assets, we had virtually no principal losses prior to 2008 and our provisions for bad and doubtful debts expensed to our profit and loss account in respect of potential loan principal losses in each of the years between 2008 and 2013 amounted to only 1% of our average total loan assets, pursuant to UK GAAP, and for the years ended June 30, 2015, 2016 and 2017, and the twelve months ended September 30, 2017, the impairment losses amounted to 0.5%, 0.8%, 0.3% and 0.3%, respectively, of our total loan assets pursuant to IFRS. We proactively work with our customers who are experiencing a reduced ability to pay their mortgage loans, offering a range of forbearance measures appropriate to customers' circumstances, including, for example, income and expenditure reviews, payment plans and assisted sale schemes. We continuously invest in developing our customer relationship management information technology ("IT") platform in our collections area, which we use to improve the effectiveness and efficiency of our collection process. This platform helps us to record and track detailed information about our customers, their circumstances including their financial position, thereby facilitating the arrangement of effective, tailored payment plans as well as more focused ongoing dialogue with our customers. As a result of our proactive approach with our customers and an improvement in the credit quality of the customers to whom we have lent since 2008, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) decreased from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015. We believe that our close management of accounts in arrears ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of September 30, 2017, of our contractual arrears greater than one month's contractual installment, which represented 8.6% of our loan portfolio and 18.0% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 60.0% and 51.0% of the group and the Borrower Group, respectively, were classified as performing arrears loans, in respect of which either arrears were less than or equal to three monthly contractual installments or within the last three months 90% or more of contractual installments had been received.

Strong governance structure, risk and compliance control. Culture and staff values are deeply embedded within our organization and senior management team. The interests of our customers are at the heart of what we do. We endeavor to understand our customers' needs and design products that are fair and transparent, and to help customers who are in financial difficulty or assessed as vulnerable through pre-emptive collection strategies and appropriate forbearance tools. We also undertake root cause analysis of the complaints received in order to improve our customers' journeys. We have in place a governance and management structure that we believe ensures effective risk management, supports decision making and provides strong oversight over all of our business activities. In addition, we believe that our focus on risk and compliance is essential to our reputation and also represents good business practice in an increasingly regulated market. Our commitment to strong governance and risk and compliance control is also evidenced by our staff selection, training and retention policies, which include extensive referencing, continuous training and competency programs and performance management strategies based on qualitative appraisals and remuneration plans. During the twelve months ended September 30, 2017, we have continued to invest in our three lines of defense, most notably our second line, where we have made a number of additional appointments, including the creation of a new Head of Group Risk and Oversight role.

Experienced, long-serving and proven senior management team and distinguished new hires. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Three out of five executive members of the group's board of directors have served on the board of directors for over 17 years. Our consistent profitability since our establishment demonstrates both the depth of knowledge of our senior management team of the mortgage lending industry as well as their ability to adapt to the volatile environment of the previous economic downturns. As part of enhancing our governance to support future growth objectives, we have significantly expanded the senior management team over the last two years, including additions to the group, the Personal Finance division and the Commercial Finance division Boards and including a number of non-executive directors who have extensive industry experience. In addition, we have expanded our leadership team over the

twelve months ended September 30, 2017, including the appointments of a permanent Marketing Director, Group Intermediary Relationship Director, Director of Corporate Affairs and Head of Group Risk and Oversight.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs in providing mortgage loans. Over the past nine years, we have increasingly used more stringent affordability metrics to ensure our customers are able to service their loans. This increased focus on affordability correlates with a significant decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015, and we maintain a continued focus on such policies which are further supported by the introduction of the Mortgage Market Review ("MMR") in April 2014 and Mortgage Credit Directive ("MCD") in March 2016 which prescribe certain minimum requirements in assessing affordability. We intend to target an average origination LTV of between 55% and 65% for new loans secured primarily on mainland UK properties.

Maintain our balanced loan portfolio mix, continue to differentiate and grow our distribution channels and products. We intend to maintain a balanced loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. Although throughout the economic cycle the Personal Finance division and the Commercial Finance division grow at different rates, we intend to maintain focus on both divisions.

We intend to continue to grow our loan portfolio through our well established existing broker relationships, our newly established broker relationships, including through the mortgage networks and clubs, and the further development of our direct lending channels. For the twelve months ended September 30, 2017, 36.2% of all new loans were originated through direct lending, which includes referrals through auction houses, our professional network and direct sales teams including our growing repeat customer base. In support of both of our broker strategy and our direct lending growth strategy, in September 2015 we rebranded our operations and consolidated our existing brand names of both the Company and each of its trading subsidiaries under the unified, customer focused, "Together" brand, which we believe reflects our passion for working with our customers and business partners. We continue to invest in marketing our brand, including with the recent appointment of a permanent marketing director to support these efforts.

We have recently extended our broker distribution capability with increased targeting of mortgage networks and clubs, supported by changes to our internal processes, enhanced functionality of our broker portal and significant recruitment and upskilling of our broker relationship team, including the recent role creation and appointment of a Group Intermediary Relationship Director. We continue developing our direct sales capabilities, including through improvements to our digital propositions. In the year 2017, we undertook a major project to enhance our digital auction finance presence, including significant enhancements to the end user functionality and interaction within our website, with plans to roll out such capabilities to other areas of the Together website during 2018. In our Commercial Finance division, we have expanded our regional targeting of professional intermediaries to increase introductions from our professional network, supported by the further appointment of regional development managers. Our profile and presence within the auction markets continues to grow, with deepening relationships with auction houses including a number of new exclusivity arrangements. During 2017, we have created a new commercial purpose direct sales function, supporting increased business activity with existing customers, and we have appointed a corporate relationship director to manage larger clients.

In addition, we will continue to seek new niche markets where we can offer new products by identifying customer groups that are underserved by other lenders and trends in lending activity, including through our product development team and our relationships with our existing brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings and providing excellent customer service will continue to make us an attractive business partner to brokers, others who introduce business to us and our customers as well as allow us to secure margins that are more attractive than those available in non-niche market segments.

Grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market. We believe that historically the volume of loans we were able to originate was primarily limited by the amount of funding available to us, as well as the level of redemption activity. The increase in new business levels for the twelve months ended September 30, 2017 has been due, in part, to the increased liquidity available to us as well as

enhancements to our distribution, product range and service capabilities. On January 26, 2017, we entered into the £90.0 million DABS Securitization, on February 22, 2017, we issued the 2024 Existing Notes and on September 29, 2017, we entered into the £275.0 million TABS Securitization. The market in the United Kingdom for retail purpose and commercial purpose mortgages has increased in recent years, corresponding with an upward movement in property prices, declining unemployment and improved economic sentiment. In addition, there has been a reduction in the number of products offered by high street lenders and certain customer segments are no longer serviced by such lenders. Combined with the additional funding, enhancements to our product range, distribution and service capabilities, these factors have allowed us to increase our lending volumes and widen our customer base and improve the credit quality of the loans we underwrite. We intend to continue to grow our loan portfolio by continuing to identify demand for our product offerings and to support this by reinvesting our reserves and further increasing and diversifying our sources of funding.

Trading Update

We originated a monthly average of £133.9 million of loans in the three months ended December 31, 2017 (including £147.5 million in the month of November) compared to a monthly average of £125.4 million for the three months ended September 30, 2017 and a monthly average of £108.6 million for the three months ended December 31, 2016.

After September 30, 2017, we drew an additional £220 million under the Conduit Securitizations to support initial and future lending, which included £175 million, £45 million and £nil under the CABS Securitization, the LABS Securitization and the DABS Securitization, respectively.

On January 29, 2018, we expect to draw an additional aggregate amount of approximately £25.0 million under the CABS Securitization to support future lending.

Recent Developments

On November 13, 2017, the Company declared a dividend to its shareholder, Midco2, of £11.5 million for the purposes of servicing the interest payment due on the PIK Notes. The PIK Note dividend payment was made on November 13, 2017.

On January 8, 2018, the Company and the Originators entered into an amendment of the LABS Securitization, extending the maturity from August 2018 to January 2021 and improving certain commercial terms. See "*Description of Certain Financing Arrangements—Securitizations—The LABS Securitization.*"

On January 24, 2018, we announced the appointment of John Lowe as a member of the board of the Company and Group Finance Director effective February 5, 2018. Following a short transition period, Gary Beckett will assume the role of Group Managing Director and Chief Treasury Officer.

Jerrold FinCo plc

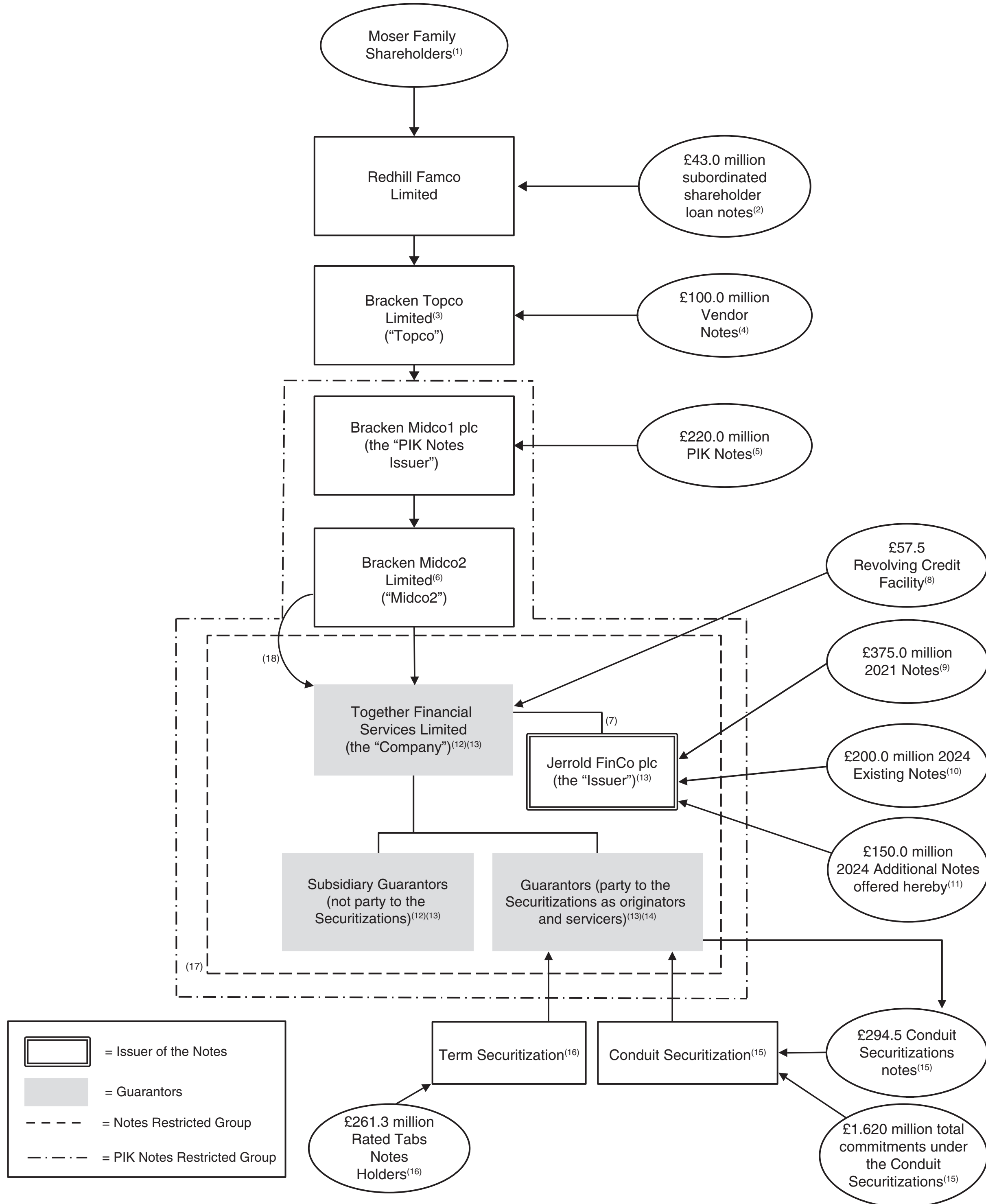
The Issuer, Jerrold FinCo plc, registration number 04949914, was formed on October 31, 2003 under the laws of England and Wales as a private limited company and was re-registered on March 13, 2013 as a public limited company under the laws of England and Wales. The Issuer's registered office is located 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.

Together Financial Services

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

SUMMARY CORPORATE AND FINANCING STRUCTURE

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as of September 30, 2017, after giving effect to the offering of the 2024 Additional Notes and the use of 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) The Moser Family Shareholders indirectly hold (through wholly-owned holding companies) 100.0% of the voting shares of the Company. See "*Shareholders*."

(2) The £43.0 million aggregate principal amount of subordinated shareholder loan notes were issued to the Moser Family Shareholders by the Company and novated to Redhill Famco Limited as part of the Exit Transactions. See "*Shareholders—The Exit Transactions*."

(3) Bracken Topco Limited is indirectly owned by the Moser Shareholders and the direct parent company of the PIK Notes Issuer.

(4) Vendor Notes refers to the deferred interest payment-in-kind notes in an aggregate principal amount of £100.0 million issued by Midco2 to the Funds on November 2, 2016 and rolled-up to Bracken Topco Limited, the direct parent of the PIK Notes Issuer. See "*Shareholders—The Exit Transactions*."

(5) On November 2, 2016, the PIK Notes Issuer issued £220.0 million Senior PIK Toggle Notes due 2021. See "*Description of Certain Financing Arrangements—Senior PIK Toggle Notes*."

(6) Midco2 owns 100.0% of the voting shares of the Company. Certain members of the Company's management and the employee benefit trust ("EB Trust") own 70,000 D Shares of the Company pursuant to the Management Incentive Plan. As of December 31, 2017, the 70,000 D Shares represented approximately 3% of the economic value of the share capital of the Company. The economic value of the D Shares is subject to change based on certain parameters tied to the valuation of the Company. See "*Shareholders*."

(7) The proceeds of the 2024 Additional Notes will be on-lent by the Issuer to the Company pursuant to the 2024 Notes Proceeds Loan in the amount equal to the gross proceeds from the offering of the 2024 Additional Notes. See "*Use of Proceeds*." The rights of the Issuer in the 2024 Notes Proceeds Loan were assigned by way of security to the Security Agent, and the rights of the Issuer under the 2021 Notes Proceeds Loan as amended in connection with the Offering will comprise part of the collateral securing the 2024 Additional Notes.

(8) The total commitments available under the Revolving Credit Facility are £57.5 million. As of September 30, 2017, £nil million was drawn and outstanding under the Revolving Credit Facility.

(9) On October 13, 2016, the Issuer issued £375.0 million aggregate principal amount of 2021 Notes. See "*Description of Certain Financing Arrangements—2021 Notes.*"

(10) On February 22, 2017, the Issuer issued £200.0 million aggregate principal amount of 2024 Existing Notes. See "*Description of Certain Financing Arrangements—2024 Existing Notes.*"

(11) The Issuer is hereby offering £150.0 million aggregate principal amount of 2024 Additional Notes which will, along with the 2024 Existing Notes, be guaranteed on a senior secured basis by the Guarantors and will be secured by first priority security interests in the collateral, which will also secure our obligations under the 2021 Notes, the Revolving Credit Facility and certain hedging obligations. Pursuant to the terms of the Intercreditor Agreement, certain liabilities in respect of indebtedness incurred under the Revolving Credit Facility and certain hedging obligations that are secured by assets that also secure the Issuer's or the Guarantors' obligations under the 2021 Notes and 2024 Existing Notes or the 2024 Additional Notes, as applicable, will receive priority with respect to any proceeds received upon any enforcement action over any such assets. See "*The Offering—Security*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The security interests over the collateral may be released under certain circumstances. See "*Risk Factors—Risks Relating to the 2024 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 Notes—Security—Release of Liens,*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(12) All the Company's subsidiaries are direct wholly-owned subsidiaries other than Spot Finance, which is a wholly owned subsidiary of Blemain Finance Limited. All Subsidiary Guarantors are controlled by the Company and are fully consolidated into our audited consolidated financial statements. We exercise control over all of the Subsidiary Guarantors to the extent permitted by law.

(13) All of the Company's subsidiaries other than the Issuer and certain dormant and non-material subsidiaries guarantee the 2021 Notes, the 2024 Existing Notes and will guarantee the 2024 Additional Notes. As of and for the twelve months ended September 30, 2017, the EBITDA (excluding EBITDA attributable to the Securitizations) and Shareholders' Funds (excluding subordinated notes or residual certificates, as applicable, in the Securitizations) for the Issuer and the Guarantors were £155.2 million and £365.1 million, respectively, representing 80.9% and 53.8% of our EBITDA and Shareholders' Funds, respectively. As of and for the twelve months ended September 30, 2017, the Issuer, the Guarantors, Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS represented 100% of our consolidated EBITDA and 100% of Shareholders' Funds (excluding amounts due to or due from non-guarantors), respectively. Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS, the bankruptcy-remote special purpose vehicles established for purposes of the Securitizations, are or will be consolidated into our audited consolidated financial statements in accordance with IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Securitizations*." Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS do not guarantee the 2024 Existing Notes and will not guarantee the 2024 Additional Notes.

(14) Most of our operating subsidiaries sell certain of their mortgage loans to Charles Street ABS, Lakeside ABS and Delta ABS in connection with each of the Conduit Securitizations and continue to service such mortgage loans after they have been sold. These subsidiaries are, however, not guarantors of any agreement forming part of the Conduit Securitizations. Certain of our operating subsidiaries sold certain of their mortgage loans to Together ABS as part of the TABS Securitization and continue to service such mortgage after they have been sold. These subsidiaries are, however, not guarantors of any agreement forming part of the TABS Securitization. The assets purchased by Together ABS had been re-purchased by the Originators from Charles Street ABS in connection with the establishment of the TABS Securitization. See "*Description of Certain Financing Arrangements—Securitizations.*"

(15) In connection with the CABS Securitization, Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of the CABS Securitization, purchases a portion of our mortgage loans from certain of our operating subsidiaries. As of September 30, 2017, the principal balance of mortgage loans owned by Charles Street ABS totaled £897.1 million. Charles Street ABS finances the purchase of loans from borrowings funded through the issuance of notes under a note issuance facility, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to certain subsidiaries of the Company within the Borrower Group. The revolving period of the note issuances facility under Charles Street ABS expires on January 31, 2020, after which the facility begins amortizing until January 31, 2021 when Charles Street ABS must repay any remaining amounts outstanding under the CABS Securitization. As of September 30, 2017, total commitments were £1,000.0 million and total notes outstanding under the note issuance facility were £720.0 million. As of September 30, 2017, £217.4 million in subordinated subscription notes under the note issuance facility were outstanding. Mortgage loans that constitute qualifying assets under the CABS Securitization are selected to be sold to Charles Street ABS based on a random basis. Charles Street ABS has no recourse to the assets of the subsidiaries of the Company within the Borrower Group. See "*Description of Certain Financing Arrangements—Securitizations—*

CABS Securitization." After September 30, 2017, we drew an additional £175.0 million under Charles Street ABS and £45.0 million under Lakeside ABS to underwrite new loans and for general corporate purposes. Following the offering of the 2024 Additional Notes, we intend to repurchase assets from Charles Street ABS in the amount of £179.5 million and the drawn balance will be reduced by £140.0 million. In connection with the LABS Securitization, Lakeside ABS, the bankruptcy-remote special purpose vehicle established for purposes of the LABS Securitization, purchases a portion of our mortgage loans from certain of our operating subsidiaries. As of September 30, 2017, the principal balance of mortgage loans owned by Lakeside ABS totaled £192.2 million. Lakeside ABS finances the purchase of loans from borrowings funded through the issuance of notes under a note issuance facility, to certain purchasers, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Lakeside ABS to the subsidiaries of the Company within the Borrower Group. The revolving period of the note issuances facility under Lakeside ABS expires in January 2021, on which date Lakeside ABS must repay any remaining amounts outstanding under the LABS Securitization. As of September 30, 2017, total commitments were £255.0 million and total notes outstanding under the note issuance facility were £145.0 million. As of September 30, 2017, £58.5 million in subordinated subscription notes under the note issuance facility were outstanding. Mortgage loans that constitute qualifying assets under the LABS Securitization are selected to be sold to Lakeside ABS based on a random basis. Lakeside ABS does not have recourse to the assets of the subsidiaries of the Company within Borrower Group. See "*Description of Certain Financing Arrangements—Securitizations—LABS Securitization*." In connection with the DABS securitization, Delta ABS, the bankruptcy-remote special purpose vehicle established for purposes of the DABS Securitization, which purchases certain of our bridging loans from certain of our operating subsidiaries. As of September 30, 2017, the principal balance of mortgage loans owned by Delta ABS was £82.7 million. Delta ABS finances the purchase of loans through two facilities, the DABS Term Loan and the DABS Revolving Loan (each with loan limits of £55.0 million and £35.0 million, respectively), with the balance of any funding requirements provided through the issuance of subordinated notes by Delta ABS to the subsidiaries of the Company within the Borrower Group. The DABS Term Loan must be fully drawn at all times. The facilities under Delta ABS expire in January 2021. After January 2020, any remaining amounts outstanding under the DABS Securitization will be converted into an amortizing term loan. As of September 30, 2017, total commitments were £90.0 million and total loan amount outstanding under the loan facilities was £70.0 million. As of September 30, 2017, £18.6 million in subordinated notes under the note issuance facility were outstanding. Mortgage loans that constitute qualifying assets under the DABS Securitization are selected to be sold to Delta ABS based on a random basis. Delta ABS does not have recourse to the assets of the subsidiaries of the Company within the Borrower Group. See "*Description of Certain Financing Arrangements—Securitizations—DABS Securitization*."

(16) In connection with the TABS Securitization, Together ABS, the bankruptcy-remote special purpose vehicle established for purposes of the TABS Securitization, purchased an aggregate principal balance of £275.0 million mortgage loans on September 29, 2017 from certain of our operating subsidiaries. Together ABS financed the purchase of the portfolio from borrowings funded through the issuance of several series of Rated TABS Notes to qualified investors and we subscribed for certain unrated series of notes, Class R and Class Z. The assets purchased by Together ABS had been re-purchased on a random basis by the Originators from Charles Street ABS in connection with the establishment of the TABS Securitization. Mortgage loans that constitute qualifying assets under the TABS Securitization were selected to be sold to Together ABS based on a random basis. Together ABS does not have recourse to the assets of the subsidiaries of the Company within Borrower Group. See "*Description of Certain Financing Arrangements—Securitizations—TABS Securitization*."

(17) As of September 30, 2017, giving *pro forma* effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom, the Company and its subsidiaries would have had senior secured borrowings of £1,781.3 million, £725.0 million of which was secured indebtedness under the 2021 Notes, the 2024 Existing Notes, and the 2024 Additional Notes, excluding the £220.0 million of additional drawings under the Conduit Securitizations after September 30, 2017. See "*Summary—The Refinancing*" and "*Shareholders—The Exit Transactions.*"

(18) On November 2, 2016, Midco2 lent the Company £43.0 million in connection with the novation of the Original Subordinated Shareholder Loan Notes (the "Shareholder Loan Notes Novation Intercompany Loan"), £17.0 million in connection with the partial repayment of the Original Subordinated Shareholder Loan Notes (the "Shareholder Loan Notes Repayment Intercompany Loan") and £8.1 million of certain other subordinated shareholder indebtedness related to the Staff Incentive Plan and other expenses of the Company related to the Exit Transactions (the "Other Shareholder Indebtedness Intercompany Loan" and, together with the Shareholder Loan Notes Novation Intercompany Loan and the Shareholder Loan Notes Repayment Intercompany Loan, together the "Subordinated Shareholder Funding"). The Subordinated Shareholder Funding constitutes "deeply subordinated shareholder indebtedness" for the purposes of the Indentures. The initial fair value of the Subordinated Shareholder Funding, as included within our consolidated financial statements, was £22.0 million, while £46.1 million was reflected in our financial statements as a non-distributable capital contribution, £1.2 million and £1.7 million of which had amortized by June 30, 2017 and September 30, 2017, respectively. See "*Related Party Transactions—Subordinated Shareholder Funding*."

THE OFFERING

The following summary of the offering contains basic information about the 2024 Additional 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 2024 Additional Notes and the related 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.

Notes Offered

2024 Additional Notes . . . . £150.0 million aggregate principal amount of its 6⅛% Senior Secured Notes due 2024 (the "2024 Additional Notes"). The 2024 Additional Notes are being offered as Additional Notes under an indenture dated February 22, 2017 (the "2024 Notes Indenture"), pursuant to which the Issuer issued £200,000,000 6⅛% Senior Secured Additional Notes due 2024 on February 22, 2017 (the "2024 Existing Notes" and, together with the 2024 Additional Notes, the "2024 Notes"). The 2024 Existing Notes and the 2024 Additional Notes will be treated as one single class for all purposes under the 2024 Notes Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase.

Issue Date . . . . January 31, 2018.

Issue Price

2024 Additional Notes . . . . 101.750% plus accrued interest, from January 15, 2018.

Maturity Date

2024 Additional Notes . . . . January 15, 2024.

Interest Rate

2024 Additional Notes . . . . Interest will accrue at a rate of 6.125% per annum.

Interest Payment Dates

2024 Additional Notes . . . . Semi-annually in arrears on each January 15 and July 15, commencing July 15, 2018.

Denominations . . . . The 2024 Additional Notes will have minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. 2024 Notes in denominations of less than £100,000 will not be available.

Ranking of the 2024 Additional Notes . . . . The 2024 Existing Notes are and the 2024 Additional Notes will be:

- together with certain obligations under the 2021 Notes, the Revolving Credit Facility and certain hedging obligations, the general obligations of the Issuer;
- secured on a first-priority basis by the collateral, along with obligations under the 2021 Notes and the Revolving Credit Facility, although certain liabilities in respect of obligations under the Revolving Credit Facility and certain hedging obligations that are secured by the collateral will receive priority over the holders of the 2024 Notes with respect to any proceeds received upon any enforcement action over the collateral;

- *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 2024 Notes, including the Revolving Credit Facility and certain hedging obligations;
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the 2024 Notes;
- guaranteed by the Guarantors;
- effectively subordinated to all existing and future indebtedness that is secured by property and assets that do not secure the 2024 Notes, to the extent of the value of the property and assets securing such indebtedness;
- effectively senior to all existing and future obligations of the Issuer that are unsecured or secured by liens junior to the liens securing the 2024 Notes to the extent of the value of the collateral; and
- effectively subordinated to all obligations of the Company's subsidiaries that are not Guarantors and all existing and future qualified securitization financings, including the CABS Securitization, the LABS Securitization, the DABS Securitization and the TABS Securitization.

Guarantees . . . . The obligations of the Issuer under the 2024 Existing Notes are and under the 2024 Additional Notes will be and under the 2024 Notes Indenture governing the respective Notes are and will be guaranteed by the Company and all of its subsidiaries other than the Issuer and certain dormant and non-material subsidiaries (the "Subsidiary Guarantors" and, together with the Company, the "Guarantors"). Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS do not guarantee the 2024 Existing Notes or the Issuer's or Guarantors' obligations under the 2024 Notes Indenture and they will not guarantee the 2024 Additional Notes. See "*Description of Notes—Note Guarantees*."

Ranking of the Guarantees . . . . The guarantee of each Guarantor with respect to the 2024 Existing Notes is and with respect to the 2024 Additional Notes will be:

- a general obligation of that Guarantor;
- secured on a first-priority basis by the collateral, along with obligations under the 2021 Notes, the Revolving Credit Facility, although certain liabilities in respect of obligations under the Revolving Credit Facility and certain hedging obligations that are secured by the collateral will receive priority over the holders of the 2024 Notes with respect to any proceeds received upon any enforcement action over the collateral;
- *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 the 2021 Notes, the Revolving Credit Facility and certain hedging obligations;
- senior in right of payment to all future indebtedness of such Guarantor that is subordinated in right of payment to such guarantee, if any;
- 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;

- effectively subordinated to all existing and future indebtedness of any Guarantor's subsidiaries that do not guarantee the 2024 Notes; and
- effectively subordinated to all existing and future qualified securitization financings, including the Securitizations.

Security . . . . The 2024 Existing Notes and the guarantees of the 2024 Existing Notes are, and the 2024 Additional Notes and the guarantees of the 2024 Additional 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 assets held in collection accounts that are assets of the Securitizations (but excluding securitization assets);
- an assignment of the 2024 Notes Proceeds Loan; and
- any additional security interests that may in the future be pledged to secure obligations under the 2024 Notes, the guarantees and the Indenture.

Following the Issue Date, the 2024 Additional Notes and the guarantees of the 2024 Additional Notes will also be secured by first priority fixed and floating security interests in the £179.5 million principal balance of mortgage loans repurchased from Charles Street ABS.

See "*Risk Factors—Risks Relating to the 2024 Notes—The liens over the collateral securing the Notes could be released in certain circumstances without the consent of the holders of the Notes*."

Any security granted by the Issuer and certain Guarantors will be limited as described under "*Risk Factors—Risks Relating to the 2024 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 2024 Notes and the guarantees of the 2024 Notes also secure the 2021 Notes, the Revolving Credit Facility and certain hedging obligations. Pursuant to the terms of the Intercreditor Agreement, certain liabilities in respect of indebtedness incurred under the Revolving Credit Facility and certain hedging obligations that are secured by assets that also secure the Issuer's or the Guarantors' obligations under the 2024 Notes or the Guarantees, as applicable, will receive priority with respect to any proceeds received upon any enforcement action over any such assets. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The assets securing the 2024 Notes and the guarantees of the 2024 Notes may be released under certain circumstances. See "*Risk Factors—*

	Risks Relating to the 2024 Notes—The liens over the collateral securing the 2024 Notes could be released in certain circumstances without the consent of the holders of the 2024 Notes," "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" "*Description of Notes—Security.*" The 2024 Additional Notes and the guarantees of the 2024 Additional Notes will not be, and the 2024 Existing Notes and the guarantees of the 2024 Existing Notes are not, secured by assets of Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS.
Use of Proceeds	We intend to use the proceeds from the offering of the 2024 Additional Notes (i) to reduce drawn balances under the CABS Securitization through the repurchase of £179.5 million principal balance of mortgage loans from Charles Street ABS at an advance rate of 78%, (ii) for general corporate purposes and (iii) to pay expenses in connection with the offering of the 2024 Additional Notes. We intend to use the additional available capacity under the CABS Securitization to support the origination of new loans in the ordinary course of our business. As of the date of this offering memorandum, as adjusted for the offering of the 2024 Additional Notes and the use of proceeds therefrom and as adjusted for the net drawings under the Conduit Securitizations after September 30, 2017, we would have had an aggregate amount of £330.0 million undrawn available commitments under our Conduit Securitizations. In addition, as of the date of this offering memorandum, the total commitments available under the Revolving Credit Facility are £57.5 million, of which £nil is drawn and outstanding.
Optional Redemption	At any time prior to January 15, 2020 the Issuer, at its option, may redeem all or part of the 2024 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 2024 Notes on or after January 15, 2020 at the redemption prices described under "*Description of Notes—Optional Redemption*." Prior to January 15, 2020, the Issuer, at its option, may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 40% of the principal amount of the 2024 Notes at a redemption price equal to 106.125% of the principal amount of such 2024 Notes, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, provided that at least 60% of the original principal amount of the 2024 Notes remains outstanding after the redemption and each such redemption occurs within 180 days of the date of the relevant equity offering.
Additional Amounts; Tax Redemption	All payments under or with respect to the 2024 Additional Notes, or under or with respect to any guarantee in respect of the 2024 Additional Notes, will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction 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 received is no less than that which would have been received in the absence of such withholding or deduction. See "*Description of Notes—Additional Amounts.*"

The Issuer may redeem the 2024 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 2024 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 2024 Notes a price equal to the principal amount of the 2024 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 2024 Notes at 101% of their principal amount plus accrued interest and additional amounts, if any, to the date of such repurchase. See "*Description of Notes—Repurchase at the Option of Holders—Change of Control*."

Certain Covenants . . . . The 2024 Notes Indenture governing the 2024 Notes limits, 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;
- amend certain documents;
- engage in certain activities (with respect to the Issuer); and
- impair the security interests for the benefit of the holders of the 2024 Notes.

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

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

Notice to Investors . . . . The 2024 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 2024 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 2024 Notes (including by way of an exchange offer).

Listing	The 2024 Existing Notes have been admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market. Application has been made in respect of the 2024 Additional Notes for listing particulars to be approved by the Irish Stock Exchange and for the 2024 Additional Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market. The 2024 Existing Notes and the 2024 Additional Notes will be admitted to trading together, in each case, as one series on the Global Exchange Market of the Irish Stock Exchange.
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 2024 Notes Indenture is governed by the laws of the State of New York. The Intercreditor Agreement is governed, and the 2024 Notes Proceeds Loan and the security documents are 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 2024 Additional Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The summary financial data presented below as of and for the year ended June 30, 2017 has been derived from the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum.

The summary financial data presented below as of and for the year ended June 30, 2016 has been derived from the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2016, prepared in accordance with IFRS and included elsewhere in this offering memorandum, except for the statement of financial position data. The statement of financial position data as of June 30, 2016 was derived from the comparative financial information presented in the consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017, restated therein to reflect the change in presentation of the statement of financial position to a liquidity basis in consistent format with the statement of financial position presented as of June 30, 2017.

The summary financial data presented below as of and for the year ended June 30, 2015 has been derived from the audited comparative financial information presented in the consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2016, prepared in accordance with IFRS and included elsewhere in this offering memorandum.

The summary financial data presented below as of and for the three months ended September 30, 2016 and 2017 have been derived from the unaudited consolidated interim financial statements of Together Financial Services as of and for the three months ended September 30, 2017, which in each case were prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union, and are included elsewhere in this offering memorandum.

The summary financial information for Together Financial Services for the twelve months ended September 30, 2017 has been calculated by adding together (1) the audited consolidated financial information for the full year ended June 30, 2017, and (2) the unaudited consolidated interim financial information for the three months ended September 30, 2017, and then subtracting (3) the unaudited consolidated interim financial information for the three months ended September 30, 2016.

We have included in this offering memorandum unaudited *pro forma* consolidated financial information of Together Financial Services as of and for the twelve months ended September 30, 2017 to give *pro forma* effect to the Refinancing, the Exit Transactions, the offering of the 2024 Existing Notes, the 2021 Notes and the 2024 Additional Notes and the use of proceeds therefrom as they would be reflected in the consolidated statement of comprehensive income and the statement of financial position of Together Financial Services. For purposes of metrics related to calculation of the *pro forma* cash interest payable drawn from our statement of comprehensive income data, we gave effect to (a) interest that would have been payable to date had the 2021 Notes, the 2024 Existing Notes and the 2024 Additional Notes each been issued on October 1, 2016 and (b) the exclusion of the interest that would no longer have been payable on the 2018 Notes, the Original Subordinated Shareholder Loan Notes, the drawn and outstanding amounts of the Revolving Credit Facility and the drawn balances under the CABS Securitizations partly repaid with the proceeds of the 2024 Existing Notes, and to be partly repaid with the 2024 Additional Notes as if the Refinancing, the Exit Transactions and the offering of the 2024 Existing Notes and the 2024 Additional Notes and the use of proceeds therefrom had taken place on October 1, 2016. For the purposes of metrics related to *pro forma* Adjusted EBITDA and *pro forma* Underlying Adjusted EBITDA, we gave effect to the exclusion of interest that would no longer have been payable in relation to the Securitizations, as if the offering of the 2024 Existing Notes and the 2024 Additional Notes and the use of proceeds therefrom to repurchase assets from CABS had taken place on October 1, 2016.

For purposes of metrics related to our *pro forma* borrowings, *pro forma* total loan assets and other metrics drawn from the consolidated statement of financial position of Together Financial Services, we gave effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom as if they had taken place on September 30, 2017. 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 on such dates and should not be taken as indicative of Together Financial's future consolidated results of operations or financial position. The historical results of Together Financial Services may not be indicative of Together Financial Services' future results following completion of the Refinancing, the Exit Transactions and the offering

of the 2024 Existing Notes and the 2024 Additional Notes and the use of proceeds therefrom. 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 Together Financial Services included elsewhere in this offering memorandum.

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

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. The following table should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements and the notes thereto for Together Financial Services as of and for the years ended June 30, 2015, 2016 and 2017 and the unaudited consolidated interim financial statements as of and for the three months ended September 30, 2017, included in this offering memorandum. The table should also be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." For an explanation of certain terms used in the table below, please see "*Presentation of Financial and Other Information—Other Financial Information (Non-IFRS)*" and "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis.*"

	For the year ended June 30,			**For the three months ended September 30,**		**For the twelve months ended September 30,**
	2015	**2016**	**2017**	**2016**	**2017**	**2017**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
				(£ in millions)		
Statement of comprehensive income:						
Continuing operations:						
Interest receivable and similar income	164.4	210.8	246.5	58.3	68.0	256.2
Interest payable and similar charges	(52.3)	(67.5)	(88.8)	(32.5)	(21.1)	(77.4)
Net interest income	**112.1**	**143.3**	**157.7**	**25.8**	**46.9**	**178.8**
Fees and commission income	4.0	4.2	4.2	1.1	1.1	4.2
Fees and commission expense	(1.3)	(1.7)	(2.1)	(0.5)	(0.5)	(2.1)
Other income	0.5	0.2	0.1	—	—	0.1
Other gains/(losses)	(0.5)	—	—	—	0.3	0.3
Operating Income	**114.8**	**146.0**	**159.9**	**26.4**	**47.8**	**181.3**
Administrative expenses (excluding depreciation and amortization)	(31.7)	(40.5)	(56.2)	(10.7)	(14.5)	(60.0)
Depreciation and amortization	(1.0)	(1.4)	(2.2)	(0.4)	(0.7)	(2.5)
Operating profit	**82.1**	**104.1**	**101.5**	**15.2**	**32.6**	**118.9**
Impairment losses	(7.5)	(13.8)	(7.4)	(2.1)	(1.6)	(6.9)
Profit before negative goodwill	74.6	90.3	94.1	13.1	31.0	112.0
Negative goodwill	0.2	—	—	—	—	—
Profit before taxation	**74.8**	**90.3**	**94.1**	**13.1**	**31.0**	**112.0**
Income tax	(16.1)	(18.5)	(15.9)	(2.6)	(4.4)	(17.7)
Profit on ordinary activities after taxation	**58.7**	**71.8**	**78.2**	**10.5**	**26.6**	**94.3**

	As of June 30,		As of September 30,	
	2016[1]	2017	2016	2017
		(audited)	(unaudited)	(unaudited)
	(£ in millions)			
Statement of financial position:				
***Assets*:**				
Cash and balances at bank	0.5	17.3	2.9	16.2
Loans and advances to customers	1,800.7	2,240.9	1,855.3	2,369.4
Inventories	0.9	0.9	0.8	0.6
Other assets	2.3	4.4	2.2	4.4
Investments	0.2	0.1	0.1	0.1
Property, plant and equipment	4.5	4.4	4.4	4.9
Intangible assets	3.2	5.7	3.9	6.2
Deferred tax asset	6.1	2.4	5.7	2.3
Total assets	**1,818.4**	**2,276.1**	**1,875.3**	**2,404.1**
Liabilities				
Borrowings	1,259.4	1,602.9	1,316.9	1,711.4
Other liabilities	31.7	37.5	23.2	29.7
Current tax liabilities	12.3	7.3	9.4	8.0
Total liabilities	**1,303.4**	**1,647.7**	**1,349.5**	**1,749.1**
Equity:				
Share capital	9.8	9.8	9.8	9.8
Share premium account	17.5	17.5	17.5	17.5
Merger reserve	(9.6)	(9.6)	(9.6)	(9.6)
Capital redemption reserve	1.3	1.3	1.3	1.3
Subordinated shareholder funding reserve	—	44.9	—	44.4
Share-based payment reserve	1.2	1.6	1.5	1.6
Retained earnings	494.8	562.9	505.3	590.0
Total equity	**515.0**	**628.4**	**525.8**	**655.0**
Total equity and liabilities	**1,818.4**	**2,276.1**	**1,875.3**	**2,404.1**

	For the year ended June 30,			For the three months ended September 30,		For the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(£ in millions)		
Cash flow statement:						
Net cash outflow from operating activities	(300.4)	(302.6)	(356.2)	(38.7)	(108.6)	(426.1)
Net cash outflow from investing activities	(1.8)	(3.9)	(3.3)	(0.9)	(1.7)	(4.1)
Net cash inflow from financing activities	298.1	304.2	376.3	41.9	109.2	443.6

	As of and for the year ended June 30,			As of and for the three months ended September 30,		As of and for the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
	(*£ in millions, except percentages and ratios*)					
Statistical and other financial data:						
Total loan assets[2]	1,423.5	1,800.7	2,240.9	1,855.3	2,369.4	2,369.4
Total borrowings[3]	995.0	1,349.0	1,670.0	1,379.0	1,771.3	1,771.3
Interest payable and similar charges	(52.3)	(67.5)	(88.8)	(32.5)	(21.1)	(77.4)
Interest payable and similar charges (adjusted for exceptional items related to the Refinancing)[4]	N/A	N/A	(74.1)	(18.0)	(21.1)	(77.2)
Net interest margin[5]	9.1%	8.9%	8.5%	8.8%	8.1%	8.5%
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.2%	57.5%	57.1%	57.2%	57.2%	57.2%
LTV of loan portfolio (on a weighted average indexed basis)	54.7%[6]	52.6%	53.4%	52.9%	54.4%	54.4%
EBITDA[7]	127.9	159.3	185.2	46.1	52.8	191.9
EBITDA margin[7]	75.9%	74.1%	73.9%	77.6%	76.4%	73.7%
EBITDA to interest payable and similar charges[7]	2.5x	2.4x	2.1x	1.4x	2.5x	2.5x
Underlying EBITDA[7]	127.9	159.3	193.4	46.1	52.8	200.1
Underlying EBITDA margin[7]	75.9%	74.1%	77.1%	77.6%	76.4%	76.8%
Underlying EBITDA to interest payable and similar charges (adjusted for exceptional items related to the Refinancing)[4][7]	N/A	N/A	2.6x	2.6x	2.5x	2.6x
Underlying profit before taxation[8]	N/A	N/A	117.1	27.6	31.0	120.5
Senior secured borrowings[3]	935.0	1,289.0	1,670.0	1,319.0	1,771.3	1,771.3
Net senior secured borrowings[3]	902	1,212.5	1,580.5	1,251.9	1,691.0	1,691.0
Ratio of net senior secured borrowings to total loan assets[2][3]	63.4%	67.3%	70.5%	67.5%	71.4%	71.4%
Ratio of net senior secured borrowings to value of total underlying security[9]	34.7%	35.4%	37.6%	35.7%	38.8%	38.8%
Tangible equity[10]	500.9	571.8	645.9	581.9	672.5	672.5
Tangible assets[10]	1,437.4	1,815.2	2,270.1	1,871.4	2,397.9	2,397.9
Ratio of tangible equity to tangible assets[10]	34.9%	31.5%	28.4%	31.1%	28.0%	28.0%

	As of and for the year ended June 30,			As of and for the three months ended September 30,		As of and for the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
	(£ in millions, except percentages and ratios)					
Statistical and other financial data of the Borrower Group:						
Total loan assets[11]	617.6	606.4	877.4	615.7	924.1	924.1
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	60.8%	60.9%	58.3%	60.1%	58.1%	58.1%
LTV of loan portfolio (on a weighted average indexed basis)	63.4%[6]	58.4%	57.1%	57.5%	59.1%	59.1%
Adjusted EBITDA[7]	108.4	129.1	149.8	37.6	43.0	155.2
Adjusted EBITDA margin[7]	72.8%	69.8%	69.6%	73.9%	72.5%	69.4%
Underlying Adjusted EBITDA[7]	N/A	N/A	158.0	37.6	43.0	163.4
Underlying Adjusted EBITDA margin[7]	N/A	N/A	73.4%	73.9%	72.5%	73.0%
Senior secured borrowings[3]	300.0	329.0	575.0	329.0	575.0	575.0
Net senior secured borrowings[3]	297.2	328.4	557.7	326.1	558.8	559.0
Ratio of senior secured borrowings to total loan assets[3][11]	48.6%	54.3%	65.5%	53.4%	62.2%	62.2%
Ratio of net senior secured borrowings to total loan assets[3][11]	48.1%	54.2%	63.6%	53.0%	60.5%	60.5%
Ratio of net senior secured borrowings to value of total underlying security[12]	30.5%	31.6%	36.3%	30.4%	35.7%	35.7%

	As of and for the twelve months ended September 30, 2017
	(unaudited) *(£ in millions, except percentages and ratios)*
***Pro forma* financial data**:	
Pro forma cash interest payable(13)	78.4
Pro forma senior secured borrowings(3)	1,781.3
Pro forma net senior secured borrowings(3)	1,689.9
Ratio of Underlying EBITDA to *pro forma* cash interest payable(7)(13)	2.6x
Ratio of *pro forma* net senior secured borrowings to total loan assets(2)(3)	71.3%
Ratio of *pro forma* net senior secured borrowings to value of total underlying security(3)(9)	38.8%
***Pro forma* financial data of the Borrower Group**:	
Pro forma Underlying Adjusted EBITDA(7)	167.1
Pro forma cash interest payable(15)	45.3
Pro forma total loan assets(11)	1,103.6
Pro forma senior secured borrowings(3)	725.0
Pro forma net senior secured borrowings(3)	696.4
Pro forma LTV of loan portfolio (on a weighted average indexed basis)(14)	57.8%
Ratio of *pro forma* Underlying Adjusted EBITDA to *pro forma* cash interest payable(7)(15)	3.7x
Ratio of *pro forma* senior secured borrowings to *pro forma* total loan assets(3)(11)	65.7%
Ratio of *pro forma* net senior secured borrowings to *pro forma* total loan assets(3)(11)	63.1%
Ratio of *pro forma* net senior secured borrowings to *pro forma* value of total underlying security(3)(12)	36.5%
Ratio of *pro forma* net senior secured borrowings to *pro forma* Underlying Adjusted EBITDA(3)(7)	4.2x

(1) Presents the comparative information as of June 30, 2016 extracted from our audited consolidated financial statements as of and for the year ended June 30, 2017, which reflects our current format for presenting our statement of financial position.

(2) "Total loan assets" represent the value of the total loan assets (after allowances for impairment) on the last day of the period which is described as loans and advances to customers in our financial statements. "*Pro forma* net senior secured borrowings to total loan assets" has been calculated using the total assets as of September 30, 2017 (£2,369.4 million).

(3) "Total borrowings" represent total indebtedness, which is calculated as the amounts outstanding under the 2018 Notes which were repaid in October 2016, the 2021 Notes and 2024 Existing Notes, the Revolving Credit Facility, indebtedness issued under each Conduit Securitization, the Rated TABS Notes and the Original Subordinated Shareholder Loan Notes (which were repaid in November 2016), as applicable on the relevant date. Total borrowings differ from the amounts reflected in our consolidated statement of financial position. As of June 30, 2015, June 30, 2016 and September 30, 2016, those balances are presented net of unamortized debt issuance costs and cash within each of the Securitization Vehicles, include the issue premium in relation to the 2018 Notes (specifically, the additional notes issued under the 2018 Notes indenture in April 2015) and include finance lease obligations. As of June 30, 2017 and September 30, 2017, the balances in our consolidated statement of financial position are presented net of unamortized debt issuance costs and cash within each Securitization Vehicle, and include finance lease obligations and include the carrying value of the Subordinated Shareholder Funding. See note 10 of our unaudited consolidated financial statements as of and for the three months ended September 30, 2017. Total borrowings and *pro forma* total borrowings exclude an additional £220.0 million drawn under the Conduit Securitizations after September 30, 2017. "Senior secured borrowings" represent total borrowings excluding the Original Subordinated Shareholder Loan Notes (as of September 30, 2016 and prior periods). "Net senior secured borrowings" represent senior secured borrowings less cash and cash equivalents and less cash held by the Securitization Vehicles. "*Pro forma* senior secured borrowings" represent senior secured borrowings adjusted to give effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom as set forth in "*Use of Proceeds*." "*Pro forma* net senior secured borrowings" represent net senior secured borrowings as adjusted to give effect to the offering of the 2024 Additional Notes and the use of the proceeds therefrom as set forth in "*Use of Proceeds*." In the case of the Borrower Group, senior secured borrowings and net senior secured borrowings represent those data as described above, without giving effect to Securitization borrowings and cash in each Securitization Vehicle. In the case of the Borrower Group, "*pro forma* senior secured borrowings" and "*pro forma* net senior secured borrowings" represent senior secured borrowings and the net senior secured borrowings of the Borrower Group, respectively, as adjusted to give effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom and the net release of £1.3 million cash from the CABS Securitization. "*Pro forma* net senior secured borrowings" has been calculated including the issue premium of £2.6 million received on the issue of the 2024 Additional Notes, and "*Pro forma* senior secured borrowings" and "*pro forma* net senior secured borrowings" figures have been calculated excluding the capitalization and amortization of debt issuance costs associated with, the offering of 2024 Additional Notes and the use of proceeds therefrom, including commitment, placement, financing advisory, professional and initial purchasers' fees and other transaction costs.

(4) Interest payable and similar charges (adjusted for exceptional items related to the Refinancing) represents interest payable and similar charges as adjusted to exclude £14.8 million in respect of the year ended June 30, 2017, £14.5 million in relation to the three months ended September 30, 2016 and £0.2 million in relation to the twelve months ended September 30, 2017 related to the redemption cost of

the 2018 Notes. The redemption date of the 2018 Notes was October 23, 2016. The adjustments related to the Refinancing consist of £14.6 million call premium with respect to the early redemption of the 2018 Notes, £3.0 million related to the release of remaining debt issuance costs in relation to the 2018 Notes, £0.5 million related to the additional interest payable for the period between the issuance of the 2024 Existing Notes and the redemption date of the 2018 Notes *less* the release of the remaining £3.3 million issue premium in relation to the 2018 Notes (specifically, with respect to the additional notes issued in April 2015).

(5) "Net interest margin" represents interest receivable and similar income less interest payable and similar charges divided by average total loan assets. For the three months ended September 30, 2016 and 2017, net interest margin is presented on an annualized basis, calculated using the net interest margin of our loan portfolio for the three months ended September 30, 2016 and 2017, respectively, multiplied by four. For the year ended June 30, 2017, the three months ended September 30, 2016 and the twelve months ended September 30, 2017, interest payable and similar charges has been adjusted to exclude exceptional interest payable and similar costs related to the Refinancing as set out in note (3) above.

(6) As of June 30, 2015, the LTV of loan portfolio (on a weighted average indexed basis) is presented pursuant to UK GAAP.

(7) EBITDA represents profit after taxation before income tax, amortization and depreciation, negative goodwill and interest payable and similar charges. Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS the bankruptcy-remote special purpose vehicles established for purposes of the Securitizations, are consolidated into our audited consolidated financial statements prepared in accordance with IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Treatment of the Securitizations.*" Adjusted EBITDA is a measure which does not add back the interest costs associated with Charles Street ABS, Lakeside ABS Delta ABS or Together ABS and is calculated as EBITDA after the deduction of interest payable in relation to third-party indebtedness of each Securitization. On September 29, 2017, we entered into the TABS Securitization. "Underlying EBITDA" and "Underlying Adjusted EBITDA" for the year ended June 30, 2017 and for the twelve months ended September 30, 2017 are calculated as EBITDA for Together Financial Services and the Adjusted EBITDA for the Borrower Group, respectively, excluding the effects of exceptional items related to the Exit Transactions in the amount of £8.2 million. "*Pro forma* Underlying Adjusted EBITDA" is calculated as Underlying Adjusted EBITDA excluding the £3.7 million of interest due to CABS that would have no longer have been payable had the offering of the 2024 Existing Notes and 2024 Additional Notes and the use of proceeds therefrom taken place on October 1, 2016.

EBITDA-based measures are not measurements of financial performance pursuant to IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Our management believes that the presentation of EBITDA, Adjusted EBITDA, Underlying EBITDA and Underlying 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, Adjusted EBITDA, Underlying EBITDA and Underlying Adjusted EBITDA in this offering memorandum may be different than the calculation of EBITDA, Adjusted EBITDA, Underlying EBITDA and Underlying Adjusted EBITDA under the Indenture.

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

	For the year ended June 30,			For the three months ended September 30,		For the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(£ in millions)					
Profit on ordinary activities after taxation	58.7	71.8	78.2	10.5	26.6	94.3
Add back:						
Interest payable and similar charges	52.3	67.5	88.8	32.5	21.1	77.4
Income tax	16.1	18.5	15.9	2.6	4.4	17.7
Depreciation and amortization	1.0	1.4	2.2	0.4	0.7	2.5
Negative goodwill	(0.2)	—	—	—	—	—
EBITDA	**127.9**	**159.3**	**185.2**	**46.1**	**52.8**	**191.9**
Exceptional items(a)	—	—	8.2	—	—	8.2
Underlying EBITDA	**127.9**	**159.3**	**193.4**	**46.1**	**52.8**	**200.1**
EBITDA	127.9	159.3	185.2	46.1	52.8	191.9
Securitization interest(b)	(19.5)	(30.2)	(35.4)	(8.5)	(9.8)	(36.7)
Adjusted EBITDA	**108.4**	**129.1**	**149.8**	**37.6**	**43.0**	**155.2**
Exceptional items(a)	—	—	8.2	—	—	8.2
Underlying Adjusted EBITDA	**108.4**	**129.1**	**158.0**	**37.6**	**43.0**	**163.4**

(a) Exceptional items represents adjustments related to one-off costs in connection with the Exit Transactions of £8.2 million, substantially related to payments pursuant to the Staff Incentive Plan.

(b) Securitization interest represents interest paid on the indebtedness issued under each Conduit Securitization and on the Rated TABS Notes on the Term Securitization. Interest on the indebtedness issued under each Securitization is paid monthly. For further information on the indebtedness issued under each of the Conduit Securitization issuance facilities, see "*Description of Certain Financing Arrangements—CABS Securitization—Amended and Restated Note Issuance Facility Agreement*," "*Description of Certain Financing Arrangements—The LABS Securitizations—Amended and Restated Note Issuance Facility Agreement*" and "*Description of Certain Financing Arrangements—The DABS Securitizations—Delta ABS Subordinated Note Subscription Agreement*." For further information on the indebtedness issued under the Term Securitization, see "*Description of Certain Financing Agreements—TABS Securitization*."

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

(8) The following table provides a reconciliation of profit before taxation to Underlying profit before taxation. Underlying profit before taxation is profit before taxation as adjusted to exclude the effects of exceptional items related to the Refinancing and the Exit Transactions:

	For the year ended June 30,	For the three months ended September 30,		For the twelve months ended September 30,
	2017	**2016**	**2017**	**2017**
	(audited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
			(£ in millions)	
Profit before taxation	94.1	13.1	31.0	112.0
Exceptional items relating to the Refinancing[(a)]	14.8	14.5	—	0.2
Exceptional items relating to the Exit Transactions[(b)]	8.2	—	—	8.2
Underlying profit before taxation	**117.1**	**27.6**	**31.0**	**120.5**

(a) Exceptional items relating to the Refinancing represents adjustments related to the redemption cost of the 2018 Notes, as detailed in (3) above.

(b) Exceptional items relating to the Exit Transactions represents adjustments related to one-off costs in connection with the Exit Transactions of £8.2 million, substantially related to payments pursuant to the Staff Incentive Plan.

(9) "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 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.

(10) "Tangible equity" is calculated as Shareholders' Funds, which we define as including total equity, the Original Subordinated Shareholder Loan Notes (as of and for periods prior to September 30, 2016) and the carrying values of the Subordinated Shareholder Funding (as of June 30, 2017 and September 30, 2017), minus intangible assets and goodwill. "Tangible assets" is calculated as total assets minus intangible assets and goodwill. "Ratio of tangible equity to tangible assets" represents tangible equity divided by tangible assets.

(11) In the case of the Borrower Group, "total loan assets" is calculated as total loan assets excluding the principal balance of loans attributable to the Securitization Vehicles. "*Pro forma* total loan assets" is calculated as total loan assets of the Borrower Group adjusted to reflect the offering of the 2024 Additional Notes and the use of proceeds therefrom, including the reduction of drawn balances under the CABS Securitization by repurchasing assets from Charles Street ABS with a principal balance of £179.5 million.

(12) In the case of the Borrower Group, "ratio of net senior secured borrowings to value of total underlying security" is calculated as the LTV of the Borrower Group's loan portfolio on a weighted average indexed basis multiplied by the ratio of net senior secured borrowings to the Borrower Group's total loan assets; and "ratio of *pro forma* net senior secured borrowings to *pro forma* value of total underlying security" is calculated as the *pro forma* 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* cash interest payable" is calculated as interest payable and similar charges as adjusted to give effect to each of the Refinancing, the Exit Transactions, the offering of the 2024 Existing Notes, the 2024 Additional Notes and the use of the proceeds therefrom as described under "*Use of Proceeds*," as though each had taken place on October 1, 2016, and includes *pro forma* interest based on the balances for the 2024 Additional Notes, the 2024 Existing Notes, the 2021 Notes and the Revolving Credit Facility and *pro forma* interest on notes issued by the Securitization Vehicles. *Pro forma* cash interest payable does not include the amortization of debt issuance costs, any unwinding of the issue premium received on issue of the 2024 Additional Notes, interest payable on finance lease obligations, the amortization of the fair value discount on the Subordinated Shareholder funding and the exceptional interest payable and similar charges incurred in connection with the Refinancing, as described in note (3) above.

(14) In the case of the Borrower Group, *"pro forma* LTV of loan portfolio (on a weighted average indexed basis)" is calculated as the LTV of loan portfolio (on a weighted average indexed basis) of the Borrower Group adjusted to give effect to the reduction of drawn balances under the CABS Securitization through the repurchase of assets from Charles Street ABS with the proceeds of the offering of the 2024 Additional Notes (see "*Use of Proceeds*"), based on an LTV (on a weighted average indexed basis) of 51.0% which is the LTV of the principal balance of assets to be repurchased from Charles Street ABS that have been selected on a random basis. See "*Management's Discussion and Analysis of Finance Condition and Results of Operation—Pro Forma Borrower Group Analysis.*"

(15) In the case of the Borrower Group, "*pro forma* cash interest payable" represents interest payable and similar charges less interest payable in relation to the Securitizations, as adjusted to give effect to the Refinancing, the Exit Transactions and the offering of the 2024 Existing Notes, the 2024 Additional Notes and the use of proceeds therefrom as though each had taken place on October 1, 2016, and includes *pro forma* interest based on the balances for the 2024 Additional Notes and the 2024 Existing Notes, the 2021 Notes and the Revolving Credit Facility. *Pro forma* cash interest payable does not include the amortization of debt issuance costs, any unwinding of the issue premium received on issue of the 2024 Additional Notes, interest payable on finance lease obligations, the amortization of the fair value discount on the Subordinated Shareholder Funding or the exceptional interest payable and similar charges incurred in connection with the Refinancing.

RISK FACTORS

You should carefully consider the following risk factors together with all the other information included in this offering memorandum before purchasing the 2024 Additional 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 2024 Additional Notes.

Risks Relating to Our Business

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

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

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

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

Our business is also significantly affected by the fiscal and monetary policies of the UK government. We are particularly affected by the policies of the Bank of England, which regulates the supply of money and credit in the United Kingdom, including through the determination of the policy interest rate, taxation measures and lending caps. The policies of the Bank of England influence the size of the mortgage loan origination market, which impacts our business. Changes in these policies are beyond our control and difficult to predict and could have a material adverse effect on our business, results of operations, liquidity and financial condition. On November 2, 2017, the Bank of England raised its base rate by 0.25% (to 0.5%). This will affect our sources of funding which are linked to LIBOR. In addition, to the extent our customers have outstanding indebtedness at variable rates, their interest payments on such debts could go up and impact their ability to meet their obligations under their loans.

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

In a non-binding referendum on the United Kingdom's membership in the European Union in June 2016, a majority of the United Kingdom's electorate voted for the United Kingdom's withdrawal from the European Union. A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union and its members. On January 17, 2017, the United Kingdom's prime minister announced the intention to leave the European single market. A decline in trade between the United Kingdom and the European Union could also affect the attractiveness of the United Kingdom as a global investment center and, as a result, could have a detrimental impact on the level of investment in the United Kingdom, including in real estate, and ultimately, on the United Kingdom's economic growth. The uncertainty regarding new or modified arrangements between the United Kingdom and other countries following Brexit may have a material adverse effect on property prices, investments in property, volumes of property transactions, the cost of capital and other related factors that could adversely affect our profitability. The uncertainty concerning the timing and terms of Brexit could also have a negative impact on the growth of the United Kingdom economy and cause greater volatility in the pound sterling. Uncertainty in the economy can also affect our customers directly. See "*—A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*." In addition, the Brexit negotiations may also cause political instability within the United Kingdom and may lead to a change in government and/or existing political coalitions.

Uncertainty regarding Brexit may lead to volatility in the financial markets and in the value of the British pound and it may become increasingly difficult to raise funding to fund additional loan origination or to refinance our existing indebtedness. While initially after the Brexit vote the policies of the Bank of England in the period after Brexit were to reduce interest rates and increase quantitative easing, on November 2, 2017 the Bank of England raised its base rate by 0.25% (to 0.5%). The Revolving Credit Facility and our Securitizations are linked to LIBOR, and we are therefore indirectly impacted by decisions made by the Bank of England. Many of our regulatory obligations described under "*Regulation*" are based on, or are derived from, EU measures. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. See "*Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition.*" Any of the foregoing factors may have a material adverse effect on our business, results of operations and financial condition.

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

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

These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. A continual reduction or an overnight material change in the sterling exchange rate could result in a tightening of monetary policy by the Bank of England, including rising interest rates, in order to stabilize the exchange rate, which combined with possible changes in quantitative easing measures, could lead to a reduction in asset values, an increase in inflation and a reduction in affordability. Such factors may have an adverse effect on our business, results of operations and financial condition. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European Economic Area overall could be diminished or eliminated. Additionally, Brexit may impact our ability to raise funding from financial markets to fund additional loan origination or to refinance our existing indebtedness if, for example, cross-border finance to or from the UK becomes subject to any barriers or restrictions.

Additionally, political instability in the European Union as a result of Brexit and other factors may result in a material negative effect on credit markets and foreign direct investments in Europe. This deterioration in economic conditions could result in inflation, increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local

economies, and other results that negatively impact household incomes. These negative impacts on the British economy could negatively impact the growth of the economy and consequently our financial condition and results of operations.

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

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

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

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

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

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

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

Our policy is to conduct property valuations for all of our mortgage loans as part of our underwriting process. Property valuations are only an estimate of the value of a property at the time the valuation is completed. We rely on our property valuations in determining LTVs, which inform our underwriting decisions. Although we may revalue the properties securing our retail and commercial purpose loans over the course of the loans and apply a recognized regional house price index (Halifax Quarterly All Houses All Buyers Non-Seasonally Adjusted Price Index for periods prior to and including March 30, 2016 and Halifax Quarterly All Houses All Buyers Seasonally Adjusted Price Index for periods after March 30, 2016, which since June 1, 2016 is owned and administered by Markit (the "Halifax House Price Index")) to prior valuations of both our residential and commercial properties, as property values in the United Kingdom continue to experience volatility, there can be no assurance that individually, or as a portfolio, our property valuations are accurate when they are completed or that they will remain accurate in the future after applying the Halifax House Price Index. In the majority of cases, we conduct full interior and exterior valuations. In the case of loans for smaller amounts and at lower LTV levels, our valuations may consist of performing "drive by" exterior examinations or making use of automated valuation models. If our valuations overvalue the properties securing our loans, the LTVs of our loans may actually be higher than our records reflect, which could negatively impact our ability to mitigate against credit losses in the future, materially adversely affecting our business, results of operations and financial condition. Valuations of residential development properties are generally considered to be more subjective. As of September 30, 2017, we had a total of £103.2 million in development loans, comprising loans extended to finance the development of land or property primarily into residential units with payments typically being made out of the sale of property units. A number of these comprise loans originated prior to 2010, many of which are secured by properties for which construction is now finished and such properties are being actively marketed. Although we have made allowances for impairment on these loans (assuming an orderly sale process over a period of time), we cannot assure you that these provisions will be adequate to cover potential losses.

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

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

Additionally, financial crime in the financial services sector is a threat for lenders and borrowers that is increasing and becoming increasingly more sophisticated. In addition, regulators are increasingly focused on financial crime prevention. See "*—We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition*." Although we have controls and processes designed to help us identify misrepresented information in our loan origination processes, including requiring all applicants to participate in a "Speak With," a conversation we have with applicants before loans are funded which also incorporates know-your-customer ("KYC") checks, and we also utilize information supplied by third party fraud prevention agencies to support our fraud prevention activities, our controls aimed at detecting and preventing financial crime (such as the use of our services for money laundering or terrorism-related activities) may not perform accurately or eliminate all instances where our services could be used for financial crime by our customers or by our employees. We continue to take steps to enhance our financial crime control environment, including by increasing our first line operational staff and by creating a separate second line financial crime team. In 2017, we introduced additional screening of new and existing customers against a wider range of watch lists. However, there can be no assurance that our new framework will be able to prevent financial crime risk. Failure of our financial crime prevention controls and processes could result in a breach of applicable regulation and harm our reputation, which in turn could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

We depend on brokers, 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 twelve months ended September 30, 2017, 63.8% of the loans (by value) we extended were referred to us by brokers. We originate loans largely through third party mortgage brokers who are not contractually obligated to do business with us. Furthermore, our competitors also have relationships with such brokers and actively compete with us for business provided by such brokers. Accordingly, we may not be successful in distributing our loans through brokers or maintaining our existing relationships with brokers. If the brokers, or professional networks, through whom we source our loans choose not to distribute our loans or refer business to us or experience a decline in enquiries, the level of mortgage loans we place may decline and ultimately our business, results of operations and financial condition could be materially adversely affected. Moreover, we do not have control over whether the brokers and other sources through whom we distribute our loans comply with the Financial Services and Markets Act 2000 and regulations of the FCA or other applicable laws or regulations that exist or may be enacted in the future. If the brokers through whom we distribute our loans fail to comply with such laws and regulations or have other difficulties, our access to certain distribution channels could be limited, which could have a material adverse effect on our business, results of operations and financial condition. We could also become subject to fines and penalties if we do not have sufficient controls and processes in place to identify such broker non-compliance with laws and regulations.

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

Competition in the mortgage loan industry can take many forms, including interest rates and fees charged for a loan, permissive LTV thresholds, convenience in obtaining a loan, customer service and lender reputation, amount and term of a loan and marketing and distribution channels. Although many of our customers are unable to obtain loans from high street lenders, as demand for mortgage loans in our niche markets increases, many of our competitors may increase their market share by offering loans to our markets, particularly in favorable economic conditions. From 2004 through mid-2007, the demand for mortgage loans escalated, and many new entrants entered the mortgage markets offering mortgage loans across all markets, including the niche markets in which we participated. Although the number of our competitors decreased during the economic downturn, the economic environment has been improving and competitors have re-entered our market segments and new competitors have emerged in our market segments, which has resulted in some margin compression. Over recent

years, our emerging competition includes "peer-to-peer" lenders, some of which provide property loans. If competition continues to increase, particularly as existing competitors and new entrants attempt to increase their market share, our margins could be negatively affected or we could suffer a loss of market share. Moreover, if the UK government engages in economic policies designed to encourage greater lending, we may face increased competition from other mortgage lenders. Technological advances, including heightened e-commerce activities, are also increasing the accessibility to consumers of loans generally, which has intensified competition among banking and non-banking companies in offering mortgage loans. In order to remain competitive, we continuously need to differentiate ourselves including by identifying trends in demand for alternative products within the mortgage market and providing an efficient and effectively customer service by continual investment in processing platforms. In addition we must continuously invest in our brand to increase brand and product awareness.

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

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

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

Certain of the activities in which our subsidiaries are engaged require authorization, and are regulated, by the FCA. These activities include arranging and advising on regulated mortgage contracts and non-investment insurance contracts and entering into and administering the same, and consumer credit related regulated activities. See "*Regulation*." The FCA has prescribed rules, principles and guidance (set out, in part, in the FCA Handbook) (the "FCA Rules") with which certain of our retail operations must comply. The FCA Rules include rules that impose, among other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for mortgage lending firms to remain authorized as well as rules on the conduct of business, the fitness and propriety of individuals performing certain functions in our business and a requirement to treat customers fairly. The FCA Rules also impose certain minimum capital requirements on FCA regulated firms. The "treating customers fairly" obligation requires FCA regulated firms, among other things, to demonstrate that senior management are taking responsibility for ensuring that consumer outcomes relevant to the business are delivered by establishing an appropriate firm culture and good practice. In addition, the FCA imposes requirements with regard to the management of customer complaints and the fitness and propriety of individuals ("approved persons") performing certain functions in our business ("controlled functions"). The FCA's approved persons regime is subject to change. It is likely that, during the course of 2019, the FCA will be replacing the approved persons regime with the Senior Managers and Certification Regime, which will require significant attention from management to implement. The FCA is currently undertaking a market study on competition in the mortgage sector, in respect of which it is expected to publish an interim report during the course of 2018 and its final report in the second half of 2018 (see "*Risk factors—Risks Relating to Our Business—Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition*").

Regulated firms have an ongoing obligation to provide the FCA with certain information regularly through the GABRIEL system, which the FCA uses to monitor adherence to continuing regulatory requirements. The FCA has broad investigative and disciplinary powers, including the power to impose fines and vary or cancel

regulatory permissions. Failure to comply with the FCA Rules could lead to liability for damages to third parties, disciplinary action, public censures, fines, the imposition of other penalties, customers being compensated for losses or the revocation or variation of authorizations to conduct business, in whole or in part, which could negatively impact our reputation, among other things.

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

The rules under FSMA regulating financial promotions cover the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved, and thus affect some of our Securitizations. The FSMA financial promotions regime covers financial promotions of regulated mortgage contracts but also promotions of certain other types of secured credit agreements. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offense and will render a regulated mortgage contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court. Failure to comply with the financial promotion regime may render the mortgage or loan unenforceable, which may affect our Securitizations and may affect our business and operations.

If we fail to comply with regulatory requirements, we may not be able to conduct our business and our reputation could be adversely affected or may be subject to sanctions or substantial fines, as well as potential associated redress costs, which may have a material adverse effect on our results of operations and financial condition. In addition, our senior management may be subject to disciplinary investigations and actions including sanctions, financial penalties or regulatory censure including removal of permissions to undertake their roles, which may have a material adverse effect on our results of operations and financial condition. In certain instances, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of a contravention by an authorized person under the FCA's rules, and may be able to set off the amount of the claim against the amount owing by the borrower under the mortgage loan or any other mortgage loan that the borrower has taken with the lender. Any such set-off may have a material adverse effect on our results of operations and financial condition.

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

From time to time, our compliance functions may identify regulatory breaches or potential regulatory breaches or other issues related to compliance matters. For example, in January of 2018 we completed an internal audit of our complaint handling procedure and identified issues with, among other things, our categorization and investigation of customer dissatisfaction. Our review of these findings is ongoing. In accordance with our internal polices we record such instances and where appropriate, we notify the FCA of the occurrence of such events, including proposals to mitigate the event. The FCA may require us to take further additional remedial actions beyond such proposals.

We are also subject to laws regarding money laundering, financing of terrorism and laws prohibiting us, our employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the United Kingdom's Proceeds of Crime Act 2002 and Bribery Act 2010 (including the Fourth European Union Anti Money Laundering Directive implemented in the United Kingdom by the Money Laundering Regulations 2017, which impose additional requirements with respect to determining beneficial ownership and identifying politically exposed persons).

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

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

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

In November 2014, the Supreme Court decided in *Plevin v. Paragon Personal Finance Ltd*, 2014 UKSC 61 ("Plevin"), that the failure by the lender to disclose to a customer a large commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under section 140A of the Consumer Credit Act 1974 (the "CCA"). It did not define a tipping point above which the commission was deemed to be "large." The disclosure of such commission was not a requirement of the FSA's (now FCA's) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). The decision has a potential impact on the number of customers of our subsidiaries who may have a claim relating to PPI commission disclosure, mis-selling and the treatment of prior claims.

On November 26, 2015, the FCA published a consultation paper (CP15/39: Rules and guidance on PPI complaints) which set out the FCA's proposals for new rules and guidance on the handling of PPI complaints. In particular, the FCA proposed the introduction of a deadline by which consumers would need to make their PPI complaints or else lose their right to have them assessed by firms or by the FOS. The consultation paper also included proposals for an FCA-led communications campaign designed to inform consumers of the deadline and new rules and guidance on how firms should handle PPI complaints in light of the Supreme Court's decision in Plevin. On August 2, 2016, the FCA published a further consultation paper (CP16/20: Rules and guidance on payment protection insurance complaints: feedback on CP15/39 and further consultation) ("CP16/20") which set out feedback received on the first consultation paper and the FCA's responses to the feedback along with further proposals and questions for consultation. The deadline that was envisaged by the further consultation paper by which consumers would need to make their PPI complaints falls two years from the date the proposed rules come into force (i.e. by end of June 2019). The further consultation closed on October 11, 2016.

In March 2017, the FCA published its policy statement on PPI (PS17/3: Payment protection insurance complaints: feedback on CP16/20 and final rules and guidance ("PS17/3")). As a result of the final rules and other measures contained in PS17/3 the FCA has: (i) implemented a new rule (which came into effect on August 29, 2017) which sets a deadline of August 29, 2019 by which consumers need to make their PPI complaints or

lose their right to have them assessed by firms or by the FOS; (ii) from August 29, 2017, launched an FCA-led communications campaign to inform consumers of the deadline; (iii) implemented a new fees rule ("Fees Rule") (which came into effect on March 31, 2017) imposing increased fees to fund the FCA's communications campaign which must be paid by certain firms which have reported to the FCA that they have received over 100,000 relevant PPI complaints from consumers from August 1, 2009 up to and including August 1, 2015; and (iv) new rules and guidance for firms on the handling of PPI complaints following the decision in Plevin. Compared to the proposals mentioned in CP16/20 changes include (but are not limited to): (i) a requirement on firms that have sold PPI to write to customers which have previously has their miss-selling complaints rejected, who are eligible to complain again in light of Plevin, in order to explain this to them; and (ii) a requirement not to apply the PPI complaints deadline to future complaints concerning a rejected claim on a live PPI policy, if that PPI claim had been rejected for reasons connected to the sale, such as ineligibility, exclusions or limitations.

The FCA's publicity campaign to advise potential complainants about the deadline for submitting complaints may lead to an increase in complaints and claims as the deadline approaches. There is a risk that we may receive a higher level of complaints than previously assumed and that we may need to make additional provisions for PPI. While not anticipated, the final FCA rules and other measures and outcomes resulting from PS17/3 could have adverse effect on our reputation, business, financial condition, results of operations and prospects.

Based upon a probability of success matrix and expected claim rates, we have made provisions for these claims, however, there is a risk, depending on the effect of the measures and outcomes resulting from PS17/3 and the interpretation and application of the judgment generally, that our provisions may not be sufficient to cover future claims and we may need to make additional provisions in the future. If we are ultimately required to pay more than that for which we have made provisions, such unprovisioned obligations could adversely affect our business, results of operations and financial condition.

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

Changes in laws and regulations, or the manner in which they are interpreted or applied, could limit our activities in the future or could significantly increase the cost of regulatory compliance. These negative effects could result from changes in laws related to lending, consumer credit, consumer protection, consumer bankruptcy, credit reporting, accounting standards, capital requirements, taxation requirements, employment and communications laws, among others. Certain of our subsidiaries were and are subject to the consumer credit regime under the Financial Services and Markets Act 2000. On April 1, 2014, the regulation of consumer credit under the CCA and its secondary legislation thereunder transferred from the Office of Fair Trading ("OFT") to the FCA. For additional information, see "*Regulation—Regulatory Framework*." The FCA has greater powers of enforcement than the OFT and take a more proactive and intrusive approach to the regulation of consumer credit. Along with other credit providers that need to comply with the FCA requirements applicable to the provision of consumer credit, certain group subsidiaries may come under a greater degree of scrutiny from the FCA or incur additional compliance costs and could be subject to potential penalties required to make payments of redress to customers and other sanctions for noncompliance, if this is found to exist. Non-compliance with certain provisions of the CCA may render a regulated credit agreement irredeemably unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance.

In October 2014, the FCA published final guidance which requires mortgage lenders to limit the total number of new residential mortgages at loan to income ratios at or greater than 4.5 times ("high loan to income mortgages"), to no more than 15% of the total number of the mortgage lender's new mortgage loans. The limit applies where either of the following conditions are met, in relation to the first set of quarters: (i) in the set of four consecutive quarters ending 30 June 2014, the lender has entered into regulated mortgage contracts where the sum of the credit provided is or exceeds £100.0 million and the lender enters into 300 or more regulated mortgage contracts; or (ii) during two consecutive sets of four quarters (the first of which will end on 30 June 2014 (rolling quarterly thereafter) and the second of which will end on 30 September 2014 (rolling quarterly thereafter)), a firm has entered into regulated mortgage contracts under which the sum of credit provided in each set of four quarters is or exceeds £100.0 million and the firm has entered into 300 or more regulated mortgage contracts in either sets of four quarters. In November 2016, the FCA published a guidance consultation setting out proposed amendments and clarifications to the October 2014 guidance. The draft amendments include a proposal to apply the limit on high loan to income mortgages on a rolling four-quarter basis, rather than the fixed existing quarterly basis. In February 2017 the FCA published finalized guidance after considering responses to the consultation. No changes were made to the proposals contained in the November 2016 consultation. The final

guidance made the following changes to the October 2014 guidance: (i) adding a clarification exclusion to the effect that the guidance does not apply to regulated mortgage contracts that are not first charge legal mortgages; (ii) applying the limit on a rolling four-quarter basis instead of the previous fixed quarterly limit. Currently, the limit in relation to high loan to income mortgages only applies to first lien regulated mortgage contracts but may extend to second lien regulated mortgage contracts in the future. Although our first lien regulated contracts do not exceed £100.0 million, there is a risk that as our new business volumes increase or if the guidance is extended to regulated second lien lending, then application of the guidance could impact on our new lending origination volumes in future years.

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

On September 29, 2016, the Prudential Regulation Authority ("PRA") issued a supervisory statement setting out minimum standards applicable to certain PRA-regulated firms carrying out buy-to-let lending (as specified in the statement) ("Firms"). Although the supervisory statement is not applicable to us, we are subject to similar requirements for regulated mortgage contracts in relation to income verification, affordability assessments and interest rate testing as specifically set out in the FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("MCOB") (see "*Regulation—Regulation of Residential mortgages*"), and there can be no assurance that in the future the FCA may not impose additional requirements on our industry. The supervisory statement requires Firms' affordability assessments to apply an interest coverage ratio test taking into account income from the property and an income affordability test when assessing the borrower's personal income. Interest coverage ratio tests must take into account, *inter alia*, expected local rent levels, property- related fees the borrower is responsible for (e.g., management and letting fees, council tax, utilities), and tax liability associated with the property (including effects of mortgage interest tax relief). When taking into account future interest rate increases in the interest coverage ratio test, Firms must take into account certain factors including a minimum increase of two percentage points in buy-to-let mortgage interest rates. The PRA standards state that even where future interest rates assessed in accordance with these factors indicate otherwise, Firms should nevertheless assume a minimum borrower interest rate of 5.5%. The borrower's refinancing risk must, however, also be considered where a loan involves a fixed or capped initial period. The supervisory statement stated that compliance with the interest cover ratio test requirements was to be delivered by January 1, 2017. Where Firms assess the borrower's personal income in affordability tests, detailed borrower affordability assessments are required and have to take into account: (i) the borrower's income (including personal income (net of income tax, national insurance payments and any tax liability associated with financing the property (e.g. from April 2017 mortgage interest tax relief for higher and additional rate tax payers in the buy to let market were reduced)), expected rental income and potential future changes in borrower's income (e.g., retirement)); (ii) the borrower's credit commitments (e.g., other mortgages from borrower's properties or credit cards); (iii) modeled or current essential living expenses; and (iv) other committed expenditures (e.g., school fees, spousal maintenance costs) which will continue after the buy-to-let mortgage is entered into. The supervisory statement also requires certain additional considerations where a potential borrower is a "portfolio landlord" (i.e., a borrower with four or more distinct mortgaged buy-to-let properties), due to the increased complexity of quantum of debt in aggregate, cash flows and costs from multiple tenancies, and potential geographical or property concentration risks. The supervisory statement also refers to the "SME supporting factor" under Article 501 of Regulation (EU) No 575/2013, stating that the PRA does not consider buy-to-let borrowing to fall within the purposes of that provision which provides for reduced capital requirements on loans to small and medium-sized enterprises. The deadline for compliance with the remaining requirements of the supervisory statement was September 30, 2017. The PRA has stated that it will continue to monitor Firms' implementation of these standards.

There are also provisions in the Consumer Rights Act 2015 (the "CRA") which extend and restate the scope of the current regulatory regime on unfair terms (originally contained within the Unfair Terms in Consumer Contracts Regulations 1999 (as amended, the "UTCCRs"). It is therefore possible that any credit agreement that has been made or may be made to customers covered by the UTCCRs or the CRA may contain terms that are, if challenged, found to be unfair, which may result in the possible unenforceability of such terms of such credit agreement, and could increase associated compliance costs. The broad and general wording of the UTCCRs makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. Additionally, the guidance issued by the FSA (and, as of April 1,

2013, the FCA), the OFT and the Competition and Markets Authority ("CMA") has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the UTCCRs, or reform of the UTCCRs, or the CRA, will not have a material adverse effect on us and our business and operations. This may adversely affect our business, results of operations and our financial condition. See "*Regulation—Regulatory Framework*" and "*Regulation—Unfair Contract Terms*."

We are also subject to similar consumer protection provisions in the UK's Consumer Protection from Unfair Trading Regulations 2008 (which implement the EU Unfair Commercial Practices Directive (Directive 2005/29/EC)). These regulations prohibit certain commercial practices which are deemed "unfair." Breach of the regulations does not (of itself) render an agreement void or unenforceable, but the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may result in irrecoverable losses on amounts to which such agreements apply. Breaches of certain provisions of the regulations are also a criminal offence. Further, the regulations have been subsequently amended so as to give consumers a right to redress for prohibited practices, including a right to unwind agreements. See "*Regulation—Consumer Protection from Unfair Trading Regulations*."

The United Kingdom's implementation of the MCD has a significant impact on our secured lending and broking activities, broadening the scope of mortgage regulation to include consumer buy-to-let and second charge residential mortgages. See "*Regulation—Regulation of Residential Mortgages*." The United Kingdom's implementation of the MCD required BFL to apply for FCA permissions in relation to second charge residential mortgage administration and for TPFL to register as a CBTL firm. BFL's application to administer second charge regulated mortgage contracts, and TPFL's registration for CBTL, were approved by the FCA in time for the implementation of the MCD on March 21, 2016. Subject to certain exemptions, brokers are required to hold authorization and permission to arrange and where applicable advise in respect of regulated mortgage contracts. See "*We depend on brokers, 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*." The FCA's mortgage market review changes to MCOB and any future changes to MCOB that are required by the MCD and the Mortgage Credit Directive Order 2015 (SI 2015/910) (the "Mortgage Credit Directive Order 2015"), may adversely affect our mortgages, loans and related business and operations. Until the MCD has been fully implemented into UK law for some time, it is not possible to tell what effect the MCD and the implementation of the directive into UK law will have on our mortgages and loans and our businesses and operations. See also "*Regulation—Regulation of Residential Mortgages*."

In 2015 and 2016 we carried out a major regulatory change program ("Regulatory Change Program") in order to implement the extensive requirements of the MCD regime within the prescribed timeframes. Given the recent implementation of such extensive requirements, there is a heightened risk we may have not addressed or misinterpreted the requirements and may inadvertently breach the new regulations. See "*Regulation—Regulation of Residential Mortgages"* and "*Regulation—Regulatory Framework*." To the extent that the regimes and new rules discussed under "*Regulation—Regulation of Residential Mortgages*" and "*Regulation—Regulatory Framework*" apply to any our mortgages and loans, failure to comply with the applicable regime and rules may affect enforceability of the relevant mortgage or loan or entitle a borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the mortgage or loan.

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

In July 2017 the FCA published consultation paper CP17/25 ("CP17/25") setting out proposed rules on: (i) the senior managers regime: this includes definitions of the "senior management functions" which can only be carried out by persons approved by the FCA and new "prescribed responsibilities" that firms must give to their Senior Managers; (ii) the certification regime: this implements the requirement for firms to check and confirm at least annually that persons carrying certain specified roles at a firm are suitable for that role; and (iii) the conduct rules: this will apply additional high-level standards of behaviour to employees at relevant firms, some of which

apply to employees generally and some only to senior managers. CP17/25 also sets out a three tier structure of SM&CR obligations whereby the "core regime" proposed in CP17/25 will apply to firms generally, while an "enhanced regime" with additional SM&CR obligations will apply to certain "enhanced firms" (which includes, amongst others, firms with annual regulated revenue generated by consumer credit lending of £100 million or more per annum) and a reduced set of requirements will apply to a group of firms defined as "limited scope."

Further to CP17/25, in December 2017 the FCA published consultation papers CP17/40, CP17/41 and CP17/42 which provide details of how the SM&CR set out in CP17/25 will be implemented in relation to FCA solo-regulated firms and insurers. With regard to the transition of staff of FCA solo-regulated firms from the approved persons regime to the SM&CR, the FCA has proposed to automatically convert most approved persons at "core" and "limited scope" firms to corresponding senior manager functions and to require "enhanced" firms to submit a conversion notification, a statement of responsibilities and a responsibilities map to effect the transition.

Therefore, the SM&CR is expected to apply to the regulated entities and approved persons of the group from 2018, following finalised rules published by the FCA following CP17/25, CP17/40, CP17/41 and CP17/42. Implementing the SM&CR will require significant attention from our management the process for which has already commenced.

The FCA is currently undertaking a market study on competition in the mortgage sector, and in respect of which, is expected to publish an interim report during the course of 2018 and its final report in the second half of 2018. The market study will examine two areas: (i) whether the available tools (including advice) help mortgage consumers make effective decisions at each stage of the mortgage lending process; and; (ii) whether commercial arrangements between lenders, brokers and other players lead to conflicts of interest or misaligned incentives to the detriment of consumers. If the FCA concludes that competition is not working well and there is a need to take action, it may result in a market-wide remedy, such as rule-making, including changing or potentially withdrawing existing rules, publishing general guidance, proposing enhanced industry self-regulation, firm-specific remedies (including the use of own initiative variation powers or own initiative requirement powers), cancelling permissions, public censure, and imposing financial penalties as well as filing for injunction orders or restitution orders. Where the FCA identify potential infringements of other laws, such as competition law, it may open an investigation accordingly or refer the matter to other enforcement agencies, or make a market investigation reference to the CMA for further investigation. Alternatively, the FCA may decide to take no further action for the time being.

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

Regulators are increasingly guiding lenders to exercise "forbearance" in relation to arrears, accept low repayment offers and refrain from placing customers under undue pressure in relation to the repayment of their loans. To the extent that new laws, regulations or guidance reduce the profitability of mortgage lending or result in lower mortgage loan volumes, such laws could have a material effect on our business, results of operations and financial condition. Such new laws may include, without limitation, any further changes to MCOB arising from the FCA's mortgage market review (see "*Regulation—Regulation of Residential Mortgages*") or any for any other new FCA reviews or policy initiatives, or to MCOB or FSMA arising from proposals to change mortgage regulation or changes in the regulatory structure or the Financial Services Act 2012. For additional information, see "*Regulation*."

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

The European Commission has proposed substantial changes to the EU data protection regime, involving replacement of the current UK data protection law by Regulation (EU) 2016/679, known as the General Data

Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), a directly effective EU regulation which entered into force on May 24, 2016 and will apply in all Member States from May 25, 2018. Brexit will not affect the direct application of GDPR as the GDPR will come into effect in May 2018. The Data Protection Bill, which is currently in the UK Parliament, makes further provisions to implement the GDPR into UK law. The requirements of the GDPR and Data Protection Bill will impose a substantially higher compliance burden on us and materially increase the maximum level of fines for compliance failures from its current level. Due to the lack of official guidelines and interpretation related to the GDPR requirements, there can be no assurance that we will be fully compliant once the regulation comes into effect in May 2018.

Certain credit agreements entered into by means of distance communication are cancellable in certain circumstances under the UK Financial Services (Distance Marketing) Regulations 2004. If our mortgages and loans are characterized as being subject to these regulations they may be cancellable in certain situations which may adversely affect our business and operations. See "*Regulation—Distance Marketing*."

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

There can be no assurance that changes will not be made to the regulatory regime applicable to us and developments in respect of the mortgage market in the United Kingdom generally, our particular sector in that market or specifically in relation to us. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on our business, results of operations and our financial condition.

Changes or uncertainty in respect of LIBOR may affect our sources of funding

Some of our sources of funding are linked to LIBOR. See "*—Interest rate fluctuations may have a material adverse effect on our business, results of operations and financial condition*." Various interest rate benchmarks (including LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the "Benchmarks Regulation"). In addition, the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On November 29, 2017, the Bank of England and the FCA announced that the market Working Group on Sterling Risk-Free Rates would have an extended mandate to catalyse a broad transition to the Sterling Over Night Index Average rate ("SONIA") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The Bank of England and FCA have stated that a key near-term priority for the Working Group will be to make recommendations relating to the potential development of term SONIA reference rates. A public consultation is expected to take place in early 2018. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if LIBOR is discontinued, then the rate of interest applicable to our sources of funding may be determined for a period by applicable fall-back provisions, although such provisions, often being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR could affect the ability of amounts available to us to meet our obligations under our sources of funding and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, our sources of funding. Changes in the manner of administration of LIBOR could result in adjustment to the conditions applicable to our sources of funding or other consequences as relevant to our sources of funding including,

without limitation, early redemption, discretionary valuation, delisting or other consequences. No assurance can be provided that relevant changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist. See "*—Imbalances in maturity between our total loan assets and our sources of funds could adversely affect us and our capacity to expand our business*."

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

In recent years, the UK Government has announced a range of measures affecting the buy-to-let segment of the property market, such as the 3% stamp duty land tax surcharge on second homes introduced in April 2016 and the restrictions of tax relief on mortgage interest payments to the basic rate of tax to be phased in between 2017 and 2020. Furthermore, the PRA introduced in September 2016 new guidelines for mortgage lenders on stress testing buy-to-let mortgages and in assessing affordability which may limit the availability of such mortgages. From early 2017, the Financial Policy Committee ("FPC") has the ability to direct the PRA and FCA with respect to the regulation of the residential and buy-to-let mortgage market in order to remove or reduce systemic risks within the markets. At this current time, it is difficult to assess the full impact of these initiatives and future actions of the FPC on our operations.

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

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

Our business could suffer as a result of current or future litigation. We currently are, and from time to time in the future may become a party to claims and lawsuits in the ordinary course of our business, in particular those brought against us by claims management companies or 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. We have received threats to bring legal proceedings and, although to the best of our knowledge we do not expect that any such matters will materially affect our financial position, 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. See "*Business—Legal Proceedings*."

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

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

underwriters, account executives, sales personnel or other client facing employees could have a material adverse effect on our business. We believe that our future success will depend in part on our ability to attract and retain additional highly skilled and qualified personnel who share our values and strategic vision and to expand, train and manage our employee base. The inability to attract and retain such qualified personnel could also have a material adverse effect on our business.

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

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

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

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

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

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

improve or upgrade our information technology infrastructure and management information systems in a timely manner could adversely affect our competitiveness, thereby affecting our business, results of operations and financial condition.

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

We require a significant amount of indebtedness to fund the mortgage loans that we originate. As of September 30, 2017, total variable funding notes drawn were £720.0 million under the variable funding note issuance facility under the CABS Securitization, which begins to amortize on January 31, 2020 and expires on January 31, 2021, £145.0 million under the variable funding note issuance facility under the LABS Securitization, with a revolving maturity period until January 2021. On January 26, 2017, we entered into the £90.0 million DABS Securitization, which begins to amortize in January 2020 and expires in January 2021. As of September 30, 2017, total subordinated notes drawn under the DABS Securitization were £70.0 million. On September 29, 2017, we entered into the £275.0 million TABS Securitization pursuant to which we sold an aggregate principal balance of £275.0 million mortgage loans. We are offering hereby £150.0 million aggregate principal amount of 2024 Additional Notes. See "*Description of Certain Financing Arrangements—Securitizations*." In addition, as part of the Refinancing, we issued an aggregate principal amount of £275.0 million of 2021 Notes. In February 2017, we issued an aggregate amount of £200.0 million of 2024 Existing Notes. Our ability to originate mortgage loans depends in part upon our ability to secure and maintain such financings on acceptable terms. If the Conduit Securitizations were terminated or not renewed in whole or in part or the Revolving Credit Facility is terminated or not renewed or the 2021 Notes, the 2024 Existing Notes or 2024 Additional Notes could not be refinanced in whole or in part, we may be unable to find replacement financing on commercially favorable terms, or at all, and as a result be unable to originate as many mortgage loans, which could have a material adverse effect on our business, results of operations and financial condition. We may also be unable to find additional sources of financing on commercially favorable terms to fund the increased number of mortgage loans that we would like to originate as part of our growth strategy.

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

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

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

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

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

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

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

The interests of our shareholders may conflict with your interests.

All of the voting shares in the Company are indirectly owned by the Moser Family Shareholders. 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 "*Summary—Recent Developments*" and "*Shareholders*."

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

We have historically prepared our consolidated financial statements on the basis of UK GAAP and from July 1, 2015 we have prepared our consolidated financial statements in accordance with IFRS. IFRS differs in certain significant respects from US GAAP. We have not presented a reconciliation of our consolidated financial statements from IFRS to US GAAP for any period in this offering memorandum. As there are significant differences between 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 consolidated financial statements for those periods in accordance with IFRS or US GAAP.

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

Since July 1, 2015 our consolidated financial statements have been prepared and presented in accordance with IFRS. Any future changes in these accounting standards, including in the reporting of our income and impairment losses, may have a significant impact on our reported results and financial condition. In particular, there are a number of standards, amendments and interpretations which have been issued by the IASB.

The most significant of these is IFRS 9 Financial Instruments, which will replace for IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial assets, in particular, the impairment of financial assets. We intend to adopt IFRS 9 in our consolidated financial statements for the annual period beginning on July 1, 2018.

Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristics of their contractual cash flows. The most significant impact of IFRS 9 is expected to result from its new impairment requirements. IFRS 9 replaces IAS 39's incurred-loss approach to impairment with a forward-looking one based on expected credit losses ("ECLs"). This will require considerable judgement over how changes in economic factors affect ECLs. The actual impact of adopting IFRS 9 on our results from July 1, 2018 is not known and cannot be reasonably estimated because it will depend on the financial instruments we hold and economic conditions at the time of adoption, as well as on accounting elections and judgments we will make in the future.

We expect that IFRS 9 may lead to increased allowances for impairment being reported than under IAS 39. IFRS 9 may also introduce a degree of volatility to results due to the requirement to reassess certain key estimates and judgments at each reporting date. In addition, IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs.

We intend to apply IFRS 16 Leases for the annual period beginning on July 1, 2019. IFRS 16 provides a single lease accounting model, recognizing most leases on the statement of financial position. This may also introduce a

degree of volatility to assets and liabilities for lessees due to the requirements to assess certain key estimates and judgments at each reporting date. The standard replaces the dual lease accounting model approach of IAS 17, which treats finance leases and operating leases separately. It has not yet been possible to estimate the financial impact of adopting of the standard. Changes in accounting policies resulting from the adoption of IFRS 16 will generally be applied retrospectively. We plan to take advantage of the exemption allowing us not to restate comparative information for prior periods. Differences in carrying amounts of lease assets and liabilities resulting from the adoption of IFRS 16 will be recognized in retained earnings at July 1, 2019.

Risks Relating to the 2024 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 2024 Notes.

The Issuer is a wholly-owned special purpose finance subsidiary of the Company, formed for the purpose of facilitating the offering of the 2018 Notes and has no business activities other than those related to the 2021 Notes, the 2024 Existing Notes and 2024 Additional Notes and the making of certain intercompany loans. The material liabilities of the Issuer include the 2021 Notes and 2024 Existing 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 2024 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 2021 Notes Proceeds Loan and the 2024 Notes Proeeds Loan and its guarantee of the 2024 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 2024 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 2024 Notes.

We have a substantial amount of debt and significant debt service obligations. As of September 30, 2017, on a *pro forma* basis after giving effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom, we would have had an aggregate principal amount of £1,781.3 million of debt, as well as £68.1 million outstanding of intercompany loans from Midco2 that constitutes "Deeply Subordinated Shareholder Indebtedness." 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 2024 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 2024 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.

In addition, each of the CABS Securitization and DABS Securitization begin to amortize in January 2020 and expire in January 2021. The LABS Securitization expires in January 2021. While the TABS Securitization matures in 2049, following the optional redemption date in September 2021, the margin on the Rated TABS Notes will increase by 100 – 125 basis points, as applicable. In addition, on or after the optional redemption date with respect to the Rated TABS Notes, surplus amounts in the TABS Securitization will be retained by the TABS Securitization rather than paid to the Originators through the residual certificates. The Revolving Credit Facility

expires on June 15, 2021. The 2021 Notes mature on September 15, 2021, and the 2024 Existing Notes and the 2024 Additional Notes mature on January 15, 2024. Our liquidity may be adversely affected if we are unable to refinance the above facilities on acceptable terms or at all. 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. This debt may have priority with respect to the 2024 Notes under the Intercreditor Agreement.

We may be able to incur significant additional debt in the future. Although our financing agreements and the Indentures 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 each of the Indentures, in addition to specified permitted indebtedness, we are able to incur additional indebtedness so long as on a *pro forma* basis our fixed charge corporate debt coverage ratio, as defined in the 2024 Notes Indenture governing the 2024 Notes, is at least 2.0 to 1.0. Incurring such additional debt could further increase the related risks we now face, as described above. Under the 2024 Notes Indenture, we may secure other indebtedness with the collateral securing the 2024 Notes if, among other circumstances, our consolidated senior secured gearing ratio is equal to or less than 75% and, in any event, up to £60.0 million of indebtedness. Subject to the terms of the Intercreditor Agreement, secured indebtedness up to an amount equal to 10% of the aggregate principal amount of senior secured non-securitization indebtedness (excluding senior secured non-securitization indebtedness that receives priority status) and hedging obligations may receive priority over the holders of the 2024 Notes with respect to any proceedings received upon any enforcement action over the collateral. See "*—Creditors under the Revolving Credit Facility are entitled to be repaid with the proceeds of the collateral sold in any enforcement sale prior to the holders of the 2024 Notes.*" In addition to the incurrence covenants in the Revolving Credit Facility, it contains additional covenants to those in the 2024 Notes Indenture. The Revolving Credit Facility will expire at its maturity on June 15, 2021, and we may choose to cancel the Revolving Credit Facility in its entirety prior to that date. If the Revolving Credit Facility expires or is cancelled, we will no longer be subject to any of the Revolving Credit Facility covenants. See "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

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, Securitizations, the 2021 Notes Indenture, the PIK Notes Indenture and the 2024 Notes Indenture 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, some of our financing arrangements (including Conduit Securitizations and the Revolving Credit Facility), require us to maintain certain ratios with respect to aspects of certain of our assets. Furthermore, our existing and future financing arrangements may contain change of control provisions that differ from the change of control provisions in the Indentures. The covenants to which we are subject under the Revolving Credit

Facility and the Conduit Securitizations could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. See "*Description of Certain Financing Arrangements—Revolving Credit Facility,*" and "*Description of Notes—Certain Covenants*." Any future indebtedness may include similar or other restrictive terms. As a result of these restrictions, 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 our obligations and restrictions contained in our financing arrangements, or to maintain ratios with respect to certain aspects of our assets 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 ratio under the Revolving Credit Facility, and the financial and operational ratios under each Conduit Securitization or other prospective financing arrangements can be affected by events beyond our control and we cannot assure you that we will meet them. A breach of any of those obligations, covenants, ratios, tests or restrictions could result in an event of default or a forced sale event under the Conduit Securitizations, or the Revolving Credit Facility. Upon the occurrence of any event of default or a forced sale event under either the Conduit Securitizations, or the Revolving Credit Facility, subject to any cure periods, if applicable, and other limitations on acceleration or enforcement, our creditors could cancel the availability of the Conduit Securitizations, or the Revolving Credit Facility, as appropriate, and elect to declare all amounts outstanding under the Conduit Securitizations, or the Revolving Credit Facility, as appropriate, together with accrued interest, immediately due and payable. A declaration of acceleration under the Revolving Credit Facility would also result in an event of default under the 2024 Notes. In addition, an event of default or declaration of acceleration under a financing arrangement could also result in an event of default or a forced sale event under one or more of our other financing arrangements. If our creditors, including those under the Conduit Securitizations, or the Revolving Credit Facility, accelerate the payment of amounts due thereunder, we cannot assure you that we would have sufficient assets to repay in full those amounts, and to satisfy all other liabilities of the group that would be due and payable and to repay the 2024 Notes in full or in part.

Many of the covenants contained in the 2024 Notes Indenture will be suspended if the 2024 Notes are rated investment grade by both of Fitch Ratings Limited and Standard & Poor's Ratings Services.

Many of the covenants in the 2024 Notes Indenture will be suspended if the 2024 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 2024 Notes Indenture has occurred and is continuing. These covenants 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 2024 Notes will ever be rated investment grade, or that if they are rated investment grade, that the 2024 Notes will maintain such ratings. Suspension of these covenants, however, would allow us to engage in certain transactions that are not 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 2024 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 2024 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 payments of principal and interest when due on the 2024 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. The Revolving Credit Facility will expire at its maturity on June 15, 2021; each of the CABS Securitization and DABS Securitization begin to amortize in January 2020 and expire in January 2021. The LABS Securitization expires and must be repaid in January 2021. The 2021 Notes must be repaid on or before September 15, 2021. The 2024 Notes must be repaid on January 15, 2024. If at the maturity of these obligations, the Conduit Securitizations or any other debt which we may incur, we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness. Furthermore, we may need to refinance all or a portion of our indebtedness, including the Revolving Credit Facility and the Conduit Securitizations on or prior to their stated maturity. If we are unable to refinance or restructure all or a portion of our indebtedness or obtain such refinancing or restructuring on terms acceptable to us, we may be forced to sell assets, or raise

additional debt or equity financing in amounts that could be substantial or the holders of our debt may accelerate our debt and, to the extent such debt is secured, foreclose on our assets. See also "*—Risks Relating to Our Business—A deterioration of the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*." 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 2024 Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

Our indirect parent, Bracken Midco1 plc, has issued £220 million in Senior PIK Toggle Notes. In addition to servicing our debt, we may decide to pay dividends to fund cash interest payments of the PIK Notes, which may exacerbate the risks associated with our debt under the 2021 Notes and the 2024 Existing Notes and the 2024 Additional Notes, and the Revolving Credit Facility.

Our indirect parent company, Bracken Midco1 plc, has issued a total of £220.0 million of 10½%/11¼% Senior PIK Toggle Notes, which mature on November 15, 2021. Bracken Midco1 plc is required to pay cash interest for the first and last interest period of the PIK Notes and is otherwise permitted to issue additional PIK Notes in lieu of some or all of the cash interest otherwise payable, depending on availability of cash at the Company and its subsidiaries and our capacity to distribute funds to our parent companies under the terms and conditions or our other debt obligations. Bracken Midco1 plc is a holding company with no material operations and limited assets other than its indirect ownership of the membership interests of Together Financial Services Limited and receivables under intercompany loans. While covenants in our 2021 Notes Indenture, the 2024 Notes Indenture and the Revolving Credit Facility limit the amount of cash that we are able to distribute to our parent companies, to the extent cash is available, we may decide to pay dividends to fund cash interest payments of the PIK Notes. Paying cash dividends will reduce the amount of cash available to pay our debt obligations, reduce cash available for our business activities and general liquidity purposes and may compound the consequences and risks of our debt and could have a material adverse effect on our business, results of operations, liquidity and financial condition. See "*Description of Notes—Certain Covenants—Restricted Payments.*"

Creditors under the Revolving Credit Facility are entitled to be repaid with the proceeds of the collateral sold in any enforcement sale prior to the holders of the 2024 Notes.

The 2024 Additional Notes and the Guarantees will be secured initially on a first-priority basis by the same collateral securing the obligations under the 2021 Notes and 2024 Existing Notes, the Revolving Credit Facility and certain hedging arrangements. Pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility and under certain hedging arrangements, the Security Agent, any receiver and certain creditor representatives are entitled to be repaid with the proceeds of the collateral sold in any enforcement sale prior to the holders of the 2021 Notes and 2024 Existing Notes, and the 2024 Additional Notes. In addition, the lenders under the Revolving Credit Facility and certain hedging arrangements will have priority over any amounts received from the sale of any assets of the Company or any of the Guarantors pursuant to certain distressed disposals. In the event of a foreclosure of the collateral, you may not be able to recover, in full or in part on the collateral, if the aggregate of the then outstanding claims under the Revolving Credit Facility, certain hedging arrangements, any amounts due to the Security Agent, any receiver and such creditor representatives, and any amounts due under the 2021 Notes and 2024 Existing Notes, and the 2024 Additional Notes are greater than the proceeds realized. Any proceeds from an enforcement sale of the collateral by any creditor will, after all obligations under the Revolving Credit Facility, under certain hedging arrangements and other indebtedness and any sums owing to the Security Agent, any receiver and such creditor representatives have been discharged from such recoveries, be applied pro rata in repayment of the 2021 Notes, the 2024 Existing Notes, and the 2024 Additional Notes.

The Intercreditor Agreement provides that a common Security Agent, who will serve as the security agent for the lenders under the Revolving Credit Facility and with respect to the 2021 Notes and 2024 Existing Notes, and the 2024 Additional Notes, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement regulates the ability of the Trustee or the holders of the 2021 Notes and 2024 Existing Notes, and the 2024 Additional Notes, to instruct the Security Agent to take enforcement action. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*" The lenders under the Revolving Credit Facility (or any replacement revolving credit facility) and under certain hedging arrangements may have interests that are different from the interests of holders of the 2024 Notes and they may, subject to the terms of the Intercreditor

Agreement, elect to pursue their remedies under the security documents at a time when it would be disadvantageous for the holders of the 2024 Notes to do so.

We may not be able to finance a change of control offer required by the Indenture.

Upon a change of control, as defined in each of the Indentures, 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 2024 Notes Indenture, the 2021 Notes Indenture, the Revolving Credit Facility or the Conduit Securitizations and may cause a default or prepayment event in relation to our future indebtedness. The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. If a change of control occurs, there can be no assurance that we will have sufficient funds to repurchase the 2024 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 2024 Notes Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the 2024 Notes Indenture. Except as described under "*Description of Notes—Repurchase at the Option of Holders—Change of Control,*" the 2024 Notes Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the 2024 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 Indentures we are required to offer to repurchase all outstanding 2024 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 each of the Indentures, 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 2024 Notes.

The value of the collateral securing the 2024 Notes may not be sufficient to satisfy our obligations under the 2024 Notes.

In order to secure the obligations under the 2024 Additional 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, plant and machinery and insurances and all related proceeds, claims of any kind, returns of premium and other benefits, other than assets held in collection accounts that are assets of the Securitizations. 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 hedging obligations. Any liabilities in respect of obligations under the Revolving Credit Facility and under certain hedging arrangements and certain other future indebtedness that are secured by the collateral will receive priority over the holders of the 2021 Notes and 2024 Existing Notes and the 2024 Additional Notes with respect to any proceeds received upon any enforcement action over the collateral. Additionally, a portion of our loans may be secured by second-ranking legal mortgages or equitable charges. Your rights to the collateral may therefore be diluted by any increase in the first-priority debt secured by the Collateral or a reduction of the Collateral securing the 2024 Notes. In addition, the 2024 Notes Indenture allows 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 Indentures 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, *inter alia*, 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 2024 Notes.

The collateral securing the 2024 Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the 2024 Notes Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the 2024 Notes as well as the ability of the security agent to realize or foreclose on such security.

The security interests of the security agent may in the future be subject to practical problems generally associated with the realization of security interests over real or personal property. For example, the security agent may need to obtain the consent of a third party to enforce a security interest. 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 2024 Additional Notes.

The security interests in the collateral that secure our obligations under the 2021 Notes and the 2024 Exising Notes and the obligations of the Guarantors under the guarantees have not been granted directly to the holders of the Notes, but have been granted only in favor of the Security Agent. The Trustee for the Notes is a party to the Intercreditor Agreement with, *inter alios*, the Security Agent and representatives of the other indebtedness secured by the collateral, 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 2024 Additional Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing the 2024 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 2024 Notes, and the sale of particular assets could reduce the pool of assets securing the 2024 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 2024 Notes. So long as no default or event of default under the 2024 Notes Indenture governing the 2024 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, Lakeside ABS, Delta ABS or Together ABS, the bankruptcy-remote special purpose vehicles established for purposes of the Securitizations 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 2024 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 2024 Notes that in the event of insolvency, the issuance of the guarantees and pledging of security by Together Financial Services 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 Together Financial Services' 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 2024 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 2024 Notes may become entitled.

The liens over the collateral securing the 2024 Notes could be released in certain circumstances without the consent of the holders of the 2024 Notes.

The Indentures and the Intercreditor Agreement 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 2024 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 2024 Notes 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,*" "*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 2024 Notes or the security interests of the 2024 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 2024 Additional Notes will be guaranteed by the Guarantors, and our obligations under the 2024 Additional 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 2024 Notes or the collateral securing the 2024 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 2024 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 2024 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.

We may become subject to the Investment Company Act.

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

You may be unable to serve process on us or our directors and officers in the United States and enforce U.S. judgments based on the 2024 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 three 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 2024 Additional Notes.

Although we will make an application to list the 2024 Additional Notes on the Official List of the Irish Stock Exchange, we cannot assure you that the 2024 Additional 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 2024 Additional Notes, the ability of holders of the 2024 Additional Notes to sell them or the price at which the holders of the 2024 Additional Notes may be able to sell them. Although no assurance is made as to the liquidity of the 2024 Additional Notes as a result of the listing on the Official List of the Irish Stock Exchange, failure to be approved for listing or the delisting of the 2024 Additional 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 2024 Additional Notes in the secondary market. Any market for the 2024 Additional Notes will likely be subject to similar disruptions.

The liquidity of any market for the 2024 Additional Notes will depend on the number of holders of the 2024 Additional 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 2024 Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the 2024 Additional 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 2024 Additional 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 2024 Additional Notes will develop or, if one does develop, that it will be maintained.

The transferability of the 2024 Notes may be limited under applicable securities laws.

The 2024 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 2024 Notes to ensure that their offers and sales of the 2024 Notes within the United States and other countries comply with applicable securities laws.

The 2024 Additional 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 2024 Additional Notes are issued in exchange for book-entry interests in the 2024 Additional Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of 2024 Additional Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of any 2024 Additional 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 and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "*Book-Entry, Delivery and Form*."

Unlike holders of the 2024 Additional 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 2024 Additional Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. 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, 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. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the 2024 Notes. See "*Book-Entry, Delivery and Form*."

Investors in the 2024 Notes may have limited recourse against the independent auditors.

See "*Independent Auditor*" for a description of the reports of the independent auditor of Together Financial Services, Deloitte LLP, on the consolidated financial statements of Together Financial Services. 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 Together Financial Services 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 Together Financial Services 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 Together Financial Services and its members as a body for its audit work or the opinions it has formed. The independent auditor's reports for the years ended June 30, 2015, 2016 and 2017 were unqualified. The independent auditor's reports for Together Financial Services for the years ended June 30, 2015, 2016 and 2017 are included on pages F-74 and F-33, respectively, of this offering memorandum.

Investors in the 2024 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 2024 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 2024 Notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

USE OF PROCEEDS

The gross proceeds from the offering of the 2024 Additional Notes are expected to be £152.6 million without giving effect to any accrued interest included in the purchase price. We intend to use the proceeds from the offering of the 2024 Additional Notes (i) to reduce drawn balances under the CABS Securitization through the repurchase of £179.5 million principal balance of mortgage loans from Charles Street ABS at an advance rate of 78.0%, (ii) for general corporate purposes and (iii) to pay expenses in connection with the offering.

We intend to use the additional available capacity under the CABS Securitization to support the origination of new loans in the ordinary course of our business. As of the date of this offering memorandum, as adjusted for the offering of the 2024 Additional Notes and the use of proceeds therefrom and as adjusted for the net drawings under the Conduit Securitizations after September 30, 2017, we would have had an aggregate amount of £330.0 million available under our Conduit Securitizations. In addition, as of the date of this offering memorandum, the total commitments available under the Revolving Credit Facility are £57.5 million, of which £nil is drawn and outstanding.

The following table sets forth our expected sources and uses of funds from the offering of the 2024 Additional Notes. Actual amounts may vary from expected amounts depending on several factors, including differences between estimated and actual fees and expenses and any accrued interest included in the purchase price.

Sources of funds	Amount	Uses of funds	Amount
	(£ in millions)		*(£ in millions)*
Gross proceeds from the offering of the Notes[1]	152.6	Reduce drawn balances under the CABS Securitization[2]	140.0
		General corporate purposes	11.1
		Estimated fees and expenses[3]	1.5
Total Sources	152.6	**Total Uses**	152.6

(1) Represents the gross proceeds from the offering of the 2024 Additional Notes without taking into account prefunding of accrued interest.

(2) The reduction of drawn balances under the CABS Securitization of £140.0 million corresponds to a repurchase of assets from Charles Street ABS with a principal balance of £179.5 million as a result of the advance rate, which is the rate at which the assets sold to the CABS Securitization are funded by the CABS Notes Purchasers. See "*Description of Certain Financing Arrangements—The Conduit Securitizations—The CABS Securitization*."

(3) Represents estimated fees and transaction costs associated with the offering of the 2024 Additional Notes, including commitment, placement, financial advisory, professional and initial purchasers' fees and other transaction costs, which will comprise unamortized debt issuance costs and will be capitalized over the life of the 2024 Additional Notes.

CAPITALIZATION

The following table sets forth our consolidated available cash and capitalization as of September 30, 2017 on a historical consolidated basis and on an adjusted basis to give *pro forma* effect to the offering of the 2024 Additional Notes and use of proceeds therefrom.

The historical information has been derived from the unaudited consolidated interim financial statements of the Company as of and for the three months ended September 30, 2017, included elsewhere in this offering memorandum. The as adjusted information below is presented for illustrative purposes only and does not purport to be indicative of our cash and cash equivalents or our capitalization following the completion of the offering of the 2024 Additional Notes. 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. Except as set forth below, there have been no other material changes in our capitalization since September 30, 2017.

	As of September 30, 2017		
	Actual	Adjustments	As adjusted
		(£ in millions)	
Cash and cash equivalents[1]	16.2	12.4	28.6
Cash held by the Securitizations[2]	64.1	(1.3)	62.8
Total cash	80.3	11.1	91.4
Debt, including current portion[3]:			
CABS Securitization[4]	720.0	(140.0)	580.0
LABS Securitization[5]	145.0	—	145.0
DABS Securitization[6]	70.0	—	70.0
TABS Securitization[7]	261.3	—	261.3
Revolving Credit Facility[8]	—	—	—
2021 Notes[9]	375.0	—	375.0
2024 Existing Notes[10]	200.0	—	200.0
2024 Additional Notes offered hereby[11]	—	150.0	150.0
Total debt[12]	1,771.3	10.0	1,781.3
Subordinated Shareholder Funding[13]	23.7	—	23.7
Total Equity	655.0	—	655.0
Total Shareholders' Funds[14]	678.7	—	678.7
Total capitalization	2,450.0	10.0	2,460.0

(1) Cash and cash equivalents as adjusted reflects cash and cash equivalents for general corporate purposes from the offering of the 2024 Additional Notes. As of December 31, 2017, we had £6.7 million cash and cash equivalents.

(2) As of September 30, 2017, we had £31.5 million restricted cash and £32.6 million unrestricted cash held by the Securitizations. Following the offering of the 2024 Additional Notes and the immediate use of proceeds therefrom, £1.3 million of cash shall be released from CABS corresponding to £1.3 million in cash and cash equivalents.

(3) Amounts exclude £220.0 million aggregate principal amount of PIK Notes issued by the PIK Notes Issuer and £100.0 million aggregate principal amount of Vendor Notes issued by Topco, an indirect parent company of Together Financial Services Limited.

(4) Total notes outstanding under the variable funding note issuance facility under the CABS Securitization as of September 31, 2017 was £720.0 million. The balance of the CABS Securitization reflected on our consolidated statement of financial position as of September 30, 2017 was £679.1 million, which is net of cash of £40.9 million held by Charles Street ABS. See "*Description of Certain Financing Arrangements—Securitizations*." Following the offering of the 2024 Additional Notes, total notes under the variable funding note issuance facility under the CABS Securitization will be on a *pro forma* basis £580.0 million as of September 30, 2017. This amount excludes £175.0 million of variable funding notes drawn under the CABS Securitization after September 30, 2017 used to underwrite new loans and for general corporate purposes.

(5) Total notes outstanding under the variable funding note issuance facility under the LABS Securitization as of September 30, 2017 was £145.0 million. The balance of the LABS Securitization reflected on our consolidated statement of financial position as of September 30, 2017 was £134.6 million, which is net of cash of £10.4 million held by Lakeside. See "*Description of Certain Financing Arrangements—Securitizations.*" This amount excludes £45.0 million of variable funding notes drawn under the LABS Securitization after September 30, 2017 used to underwrite new loans and for general corporate purposes.

(6) Total notes outstanding under the subordinated note issuance facility under the DABS Securitization as of September 30, 2017 was £70.0 million. The balance of the DABS Securitization reflected on our consolidated statement of financial position as of September 30, 2017 was £64.7 million, which is net of cash of £5.3 million held by Delta ABS. See "*Description of Certain Financing Arrangements—Securitizations.*"

(7) The aggregate amount of Rated TABS Notes outstanding as of September 30, 2017 was £261.3 million. The balance of the TABS Securitization reflected on our consolidated statement of financial position as of September 30, 2017 was £253.7 million, which is net of cash of £7.5 million held by Together ABS. See "*Description of Certain Financing Arrangements—Securitizations*."

(8) The total commitments available under the Revolving Credit Facility are £57.5 million, of which £nil was drawn as of September 30, 2017.

(9) Represents the £375.0 million Senior Secured Notes due 2021 issued as part of the Refinancing.

(10) Represents the £200.0 million 2024 Existing Notes issued in February 2017.

(11) Represents the aggregate principal amount of the 2024 Additional Notes without giving effect to any debt issuance costs or premium, which we would expect to amortize over the duration of the 2024 Additional Notes. See "*Use of Proceeds*."

(12) The balance of borrowings reflected on our consolidated statement of financial position as of September 30, 2017 was £1,711.4 million, which includes the carrying value of Subordinated Shareholder Funding of £23.7 million, obligations under finance leases of £0.5 million and is net of cash held in the Securitizations of £64.1 million and unamortized debt issuance costs of £20.0 million.

(13) Represents the carrying value of the Subordinated Shareholder Funding incurred in connection with the Exit Transactions. See "*Description of Certain Financing Arrangements—Subordinated Shareholder Funding*" and "*Related Party Transactions—Subordinated Shareholder Funding*."

(14) Total Shareholders' Funds represents total equity together with Subordinated Shareholder Funding of £23.7 million, which is included in borrowings in our consolidated statement of financial position as of September 30, 2017. Total Shareholders' Funds as adjusted does not reflect an increase in Shareholders' Funds as a result of retained reserves since September 30, 2017 or the £11.5 million payment of PIK Note dividends to service the half yearly interest under the PIK Notes in November 2017.

SELECTED HISTORICAL FINANCIAL INFORMATION

The summary financial data presented below (i) as of and for the years ended June 30, 2015, 2016 and 2017 have been derived from the audited consolidated financial statements of Together Financial Services as of and for the years ended June 30, 2016 and 2017, the former include audited comparative financial information as of and for the year ended June 30, 2015 and which were prepared in accordance with IFRS and are included elsewhere in this offering memorandum,, and (ii) as of and for the three months ended September 30, 2016 and 2017 have been derived from the unaudited consolidated interim financial statements of Together Financial Services as of and for the three months ended September 30, 2017, which in each case were prepared in accordance with IFRS and are included elsewhere in this offering memorandum.

The summary financial information for Together Financial Services for the twelve months ended September 30, 2017 has been calculated by adding together (1) the audited consolidated financial information for the full year ended June 30, 2017, and (2) the unaudited consolidated interim financial information for the three months ended September 30, 2017, and then subtracting (3) the unaudited consolidated interim financial information for the three months ended September 30, 2016.

	For the year ended June 30,			For the three months ended September 30,		For the twelve months ended September 30,
	2015	**2016**	**2017**	**2016**	**2017**	**2017**
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(£ in millions)		
Statement of comprehensive income:						
Continuing operations:						
Interest receivable and similar income	164.4	210.8	246.5	58.3	68.0	256.2
Interest payable and similar charges	(52.3)	(67.5)	(88.8)	(32.5)	(21.1)	(77.4)
Net interest income	**112.1**	**143.3**	**157.7**	**25.8**	**46.9**	**178.8**
Fees and commission income	4.0	4.2	4.2	1.1	1.1	4.2
Fees and commission expense	(1.3)	(1.7)	(2.1)	(0.5)	(0.5)	(2.1)
Other income	0.5	0.2	0.1	—	—	0.1
Other gains/(losses)	(0.5)	—	—	—	0.3	0.3
Operating Income	**114.8**	**146.0**	**159.9**	**26.4**	**47.8**	**181.3**
Administrative expenses (excluding depreciation and amortization)	(31.7)	(40.5)	(56.2)	(10.7)	(14.5)	(60.0)
Depreciation and amortization	(1.0)	(1.4)	(2.2)	(0.4)	(0.7)	(2.5)
Operating profit	**82.1**	**104.1**	**101.5**	**15.2**	**32.6**	**118.9**
Impairment losses	(7.5)	(13.8)	(7.4)	(2.1)	(1.6)	(6.9)
Profit before negative goodwill	74.6	90.3	94.1	13.1	31.0	112.0
Negative goodwill	0.2	—	—	—	—	—
Profit before taxation	**74.8**	**90.3**	**94.1**	**13.1**	**31.0**	**112.0**
Income tax	(16.1)	(18.5)	(15.9)	(2.6)	(4.4)	(17.7)
Profit on ordinary activities after taxation	**58.7**	**71.8**	**78.2**	**10.5**	**26.6**	**94.3**

	As of June 30,		As of September 30,	
	2016[1]	2017	2016	2017
		(audited)	(unaudited)	(unaudited)
		(£ in millions)		
Statement of financial position:				
***Assets*:**				
Cash and balances at bank	0.5	17.3	2.9	16.2
Loans and advances to customers	1,800.7	2,240.9	1,855.3	2,369.4
Inventories	0.9	0.9	0.8	0.6
Other assets	2.3	4.4	2.2	4.4
Investments	0.2	0.1	0.1	0.1
Property, plant and equipment	4.5	4.4	4.4	4.9
Intangible assets	3.2	5.7	3.9	6.2
Deferred tax asset	6.1	2.4	5.7	2.3
Total assets	**1,818.4**	**2,276.1**	**1,875.3**	**2,404.1**
Liabilities				
Borrowings	1,259.4	1,602.9	1,316.9	1,711.4
Other liabilities	31.7	37.5	23.2	29.7
Current tax liabilities	12.3	7.3	9.4	8.0
Total liabilities	**1,303.4**	**1,647.7**	**1,349.5**	**1,749.1**
Equity:				
Share capital	9.8	9.8	9.8	9.8
Share premium account	17.5	17.5	17.5	17.5
Merger reserve	(9.6)	(9.6)	(9.6)	(9.6)
Capital redemption reserve	1.3	1.3	1.3	1.3
Subordinated shareholder funding reserve	—	44.9	—	44.4
Share-based payment reserve	1.2	1.6	1.5	1.6
Retained earnings	494.8	562.9	505.3	590.0
Total equity	**515.0**	**628.4**	**525.8**	**655.0**
Total equity and liabilities	**1,818.4**	**2,276.1**	**1,875.3**	**2,404.1**

	For the year ended June 30,			For the three months ended September 30,		For the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(£ in millions)		
Cash flow statement:						
Net cash outflow from operating activities	(300.4)	(302.6)	(356.2)	(38.7)	(108.6)	(426.1)
Net cash outflow from investing activities	(1.8)	(3.9)	(3.3)	(0.9)	(1.7)	(4.1)
Net cash inflow from financing activities	298.1	304.2	376.3	41.9	109.2	443.6

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 Together Financial Services as of and for the years ended June 30, 2015, 2016 and 2017, based on the audited consolidated financial statements of Together Financial Services and its consolidated subsidiaries, in each case prepared in accordance with IFRS, and as of and for the three months ended September 30, 2017, based on unaudited consolidated interim financial statements of Together Financial Services and its subsidiaries, prepared in accordance with IFRS, 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 43 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 74% 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 supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom, professional firms and auction houses and through our direct sales teams. We underwrite and service all our loans in-house, providing efficient automated processing primarily utilizing manual underwriting to determine the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2017 and the three months ended September 30, 2017, we had interest receivable and similar income of £246.5 million and £68.0 million, respectively, and EBITDA of £185.2 million and £52.8 million, respectively. Our EBITDA for the twelve months ended September 30, 2017 was £191.9 million. Excluding the effects of exceptional items related to the Exit Transactions, Underlying EBITDA for the three months ended September 30, 2017 and the twelve months ended September 30, 2017 was £52.8 million and £200.1 million, respectively. For the three months ended September 30, 2017 and the twelve months ended September 30, 2017, we advanced £376.3 million and £1,333.7 million of new lending, respectively. As of September 30, 2017, we had Shareholders' Funds of £678.7 million. As of September 30, 2017, our total loan assets were £2,369.4 million, with an average loan value of approximately £77,700. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*."

As of September 30, 2017, 33.6% of our loan portfolio was classified as retail purpose, 62.1% of our loan portfolio was classified as commercial purpose and 4.3% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the Financial Conduct Authority ("FCA") as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home (including "chain breaks," which are loans used by customers looking to purchase a new home ahead of completing the sale of their existing home), making home improvements, debt consolidation and large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("CBTL") written after this date. Our retail purpose loans also include regulated bridging loans. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property (but excluding regulated bridging loans). Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 31.0% of our development loans were underwritten prior to 2010 which we continue to support, and 69.0% were underwritten from 2010 onwards. As of September 30, 2017, 100% of our retail

purpose loans and 60.4% of our commercial purpose loans (including development loans) were secured by residential property.

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

As of September 30, 2017, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the twelve months ended September 30, 2017, with the LTVs of our loan portfolio on a weighted average indexed basis as of September 30, 2017 at 54.4%, and the LTV on a weighted average basis of new loans underwritten by us for the twelve months ended September 30, 2017 at 57.4%. As of September 30, 2017, 93.7% of our total loan portfolio and 89.5% 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 property prices and economic downturns, thereby minimizing our levels of provisions and losses. For the years ended June 30, 2015, 2016 and 2017 and the three months ended September 30, 2016 and 2017, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million, £13.8 million, £7.4 million, £2.1 million and £1.6 million, respectively, representing on an annualized basis only 0.6%, 0.9%, 0.4%, 0.5% and 0.3%, respectively, of our average total loan assets for each period.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings (including our Securitizations) to total loan assets was 71.4% as of September 30, 2017. 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 38.8% as of September 30, 2017.

Retail Purpose Lending

As of September 30, 2017, retail purpose loans comprised 33.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 49.3% and a weighted average nominal rate of 9.1%, substantially all of which were secured by residential property. We lend to customers with a wide range of residential properties which can also include non-standard property types, such as timber-framed properties, thatched cottages and high-rise flats. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes. First lien and second lien loans represented 32.3% and 67.7% of our retail purpose loans, respectively, calculated by value as of September 30, 2017. We offer retail purpose loans under the "Together" brand through our subsidiary, Together Personal Finance Limited ("TPFL," formerly Cheshire Mortgage Corporation Limited),

which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until March 21, 2016, we also offered second lien mortgages through our subsidiary Blemain Finance Limited ("BFL"), which will continue managing its existing loan portfolio. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. As of September 30, 2017, CBTL mortgages represented £41.2 million or 1.7% of our total loan portfolio. Our retail purpose loans also include regulated bridging loans which were introduced in February 2016 and which have steadily grown in volume over recent periods and as of September 30, 2017, represented £62.9 million or 2.6% of our total loan portfolio. Our retail purpose loans are distributed primarily through an established network of brokers, with a small portion sold directly to new, current and previous customers. In the twelve months ended September 30, 2017, we distributed approximately 91.6% of our retail purpose loans through our established network of brokers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Commercial Purpose Lending

As of September 30, 2017, commercial purpose loans comprised 62.1% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 54.8% and a weighted average nominal rate of 10.7%, 48.3% of which are short-term commercial purpose loans and 51.7% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans (excluding regulated bridging loans), defined as having original maturities of up to 24 months, are secured by property, of which 48.5% is residential and 51.5% 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 72.0% is residential and 28.0% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as "BTL+," which includes our buy-to-let lending activity (excluding CBTL) but including first-time landlords and portfolio landlords, as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both (i) more than 50% of loan proceeds are for business purposes and (ii) where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as commercial security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 87.4% and 12.6% of our short-term commercial purpose loans, respectively, and 72.0% and 28.0% of our medium and long-term commercial purpose loans, respectively, calculated by value as of September 30, 2017. We offer commercial purpose loans under the "Together" brand through our subsidiary Together Commercial Finance Limited ("TCFL," formerly Lancashire Mortgage Corporation Limited). Until recently, we also offered commercial purposes loans through our subsidiaries, Auction Finance Limited ("AFL"), Bridging Finance Limited ("BDFL") and Harpmanor Limited ("HARPL"). In April 2017, we completed the process of consolidating the distribution of commercial purpose loans into TCFL. Each of AFL, BDFL and HARPL will continue to manage their respective existing loan portfolios.

In the twelve months ended September 30, 2017, we distributed 60.6% of our short-term commercial purpose loans through direct channels which consist of, *inter alios*, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. In the twelve months ended September 30, 2017, we distributed 39.4% of our short-term commercial purpose loans through our established network of brokers. In the twelve months ended September 30, 2017, we distributed 89.5% of our medium- and long-term commercial purpose loans through our established network of brokers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of September 30, 2017, development loans comprised 4.3% of our loan portfolio. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 31.0% were originated prior to December 31, 2009 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since January 1, 2010 and subsequently redeemed had a weighted average elapsed term of 11.9 months. For the twelve months ended September 30, 2017, we extended £38.5 million in further advances on loans originated prior to September 30, 2016 (of which £0.1 million related to loans originated prior to 2010) and have underwritten £60.6 million in new development loans comprised of £32.2 million of initial advances and £28.4 million of further advances. As of September 30, 2017, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative

equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. As of September 30, 2017, we recorded allowances for impairment on development loans of £13.9 million, which incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our Shareholders' Funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, capital markets indebtedness represented by notes and the Conduit Securitizations. As of September 30, 2017, our Shareholders' Funds were £678.7 million, including Subordinated Shareholder Funding with a carrying value of £23.7 million. See "*Related Party Transactions—Subordinated Shareholder Funding*" and Note 23 to the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017. As of September 30, 2017, the total commitments available under the CABS Securitization, the LABS Securitization and the DABS Securitization were £1,000.0 million (£720.0 million outstanding), £255.0 million (£145.0 million outstanding) and £90.0 million (£70.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £57.5 million (£nil outstanding).

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes to the Originators and £5.2 million Class R notes issued to the Company. The Class R notes represent an amortizing reserve of liquidity in an aggregate amount equal to approximately 2% of the Rated TABS Notes at any time outstanding. The Class Z notes represent an interest of 5% of the aggregate principal balance of the mortgage loans in the TABS Securitization portfolio as of September 30, 2017 that is subordinate to the Rated TABS Notes' interests. The assets purchased by Together ABS from the Originators had been re-purchased by the Originators from Charles Street ABS in connection with the establishment of the TABS Securitization. As of September 30, 2017, the total amount of outstanding Rated TABS Notes was £261.3 million. Unlike the Conduit Securitizations which are revolving facilities, the TABS Securitization is a term securitization, and Together ABS does not buy additional mortgages from the Originators on an ongoing basis. Pursuant to the terms of the TABS Securitization, the Originators may also be required to either substitute or fund any loans that no longer meet certain criteria. Together ABS's assets are included within our consolidated accounts included herein.

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

The assets of the special purpose vehicles related to the Securitizations are included within our consolidated accounts presented herein. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS only) and commercial purpose loans eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria and portfolio requirements, and transferred at their principal loan balance. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the loans, approximately 86% have been eligible at origination for sale to Charles Street ABS, since establishing LABS Securitization in August 2015, due to the nature of the loans, approximately 23% of loans underwritten by us have been eligible for sale to Lakeside ABS and since establishing DABS Securitization in January 2017, due to the nature of the loans, approximately 39% of loans underwritten by us have been eligible for sale to Delta ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated notes issued by Charles Street ABS, Lakeside ABS or Delta ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. We estimate principal losses recognized on loans repurchased from the CABS Securitization were, on average, less than £0.02 million per year between January 1, 2013 and September 30, 2017. Principal losses recognized on loans repurchased from the LABS Securitization has been less than £0.01 million since its

inception in August 2015 until September 30, 2017. Principal losses recognized on loans repurchased from the DABS Securitization has been £nil since its inception in January 2017 until September 30, 2017.

Surplus income of each of the Securitization Vehicles, after paying interest and fees in connection with the applicable Securitization, is paid to the Originators on a monthly basis, except during a default or full amortization period, as applicable. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.4 million per month between October 1, 2016 and September 30, 2017 (or £88.8 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.6 million per month between October 1, 2016 and September 30, 2017 (or £30.6 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the DABS Securitization, amounted to an average of £0.8 million per month between February 1 and September 30, 2017 (£6.1 million for the eight months ended September 30, 2017).

As of September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £897.1 million, had cash of £40.9 million and net creditors of £0.6 million. As of September 30, 2017, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £720.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £217.4 million.

As of September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £192.2 million, had cash of £10.4 million and net debtors of £1.0 million. As of September 30, 2017, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £145.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £58.5 million.

As of September 30, 2017, Delta ABS held total loan assets with a principal balance of £82.7 million, had cash of £5.3 million and net debtors of £0.7 million. As of September 30, 2017, total commitments under the note issuance facility under the DABS Securitization were £90.0 million and total notes outstanding were £70.0 million. As of September 30, 2017, total subordinated notes outstanding were £18.6 million.

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes issued to the Originators and £5.2 million Class R notes issued to the Company. As of September 30, 2017, total Rated TABS Notes outstanding were £261.3 million.

As of June 30, 2015, 2016 and 2017 and September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £805.9 million, £952.2 million, £1,065.2 million and £897.1 million, respectively. As of June 30, 2016 and 2017 and September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £242.1 million, £214.6 million and £192.2 million, respectively. As of June 30, 2017 and September 30, 2017, Delta ABS held total loan assets with a principal balance of £83.7 million and £82.7 million, respectively. For additional information in respect of the Securitizations, see "*Description of Certain Financing Arrangements—Securitizations*." The Borrower Group's total loan assets, as of June 30, 2015, 2016 and 2017 and September 30, 2017 were £617.7 million, £606.4 million, £877.4 million and £924.1 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £519.6 million, £833.0 million, £1,000.9 million and £319.4 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £153.0 million, £191.9 million, £227.6 million and £61.5 million of interest and fees, respectively, and £366.6 million, £641.1 million, £773.3 million and £257.9 million of principal receipts, respectively. Cash Receipts expressed as a percentage of total average loan assets were 42.0%, 51.7% and 49.5% in the years ended June 30, 2015, 2016 and 2017. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017, were 50.7% and 55.4%, respectively.

The Borrower Group generated £286.8 million, £425.2 million, £495.2 million and £165.5 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £61.5 million, £52.0 million, £68.1 million and £19.5 million of interest and fees, respectively,

£155.3 million, £268.7 million, £302.4 million and £114.3 million of principal receipts, respectively, and £70.0 million, £104.6 million, £124.7 million and £31.7 million surplus income from the Securitizations, respectively. Cash Receipts expressed as a percentage of total average loan assets of the Borrower Group were 50.1%, 69.5% and 66.7% in the years ended June 30, 2015, 2016 and 2017, respectively. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017 were 79.4% and 73.5%, respectively. See "*—Our sources of funding*."

The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016 and 2017, respectively, resulting in cash available for debt service and originating new loans of £467.4 million, £771.8 million and £898.7 million (£901.8 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £295.4 million.

The Borrower Group had cash outflows relating to overheads and expenses, tax and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016 and 2017, respectively, resulting in cash available for debt service and originating new loans of £234.6 million, £364.0 million and £393.1 million (£396.2 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The Borrower Group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £141.5 million.

The group paid interest costs of £43.6 million, £61.7 million and £78.6 million (£63.5 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The group paid interest costs of £27.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. Debt issuance costs for the three months ended September 30, 2017 were related to the issuance of the TABS Securitization and the refinancing of the Revolving Credit Facility.

The Borrower Group paid interest costs of £24.7 million, £32.3 million and £43.4 million (£28.3 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The Borrower Group paid interest costs of £16.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. See "*—Our Sources of Funding*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

Loan Analysis

Our total loan assets as of June 30, 2015, as of June 30, 2016, as of June 30, 2017 and as of September 30, 2017, pursuant to IFRS, totaled £1,423.5 million, £1,800.7 million, £2,240.9 million and £2,369.4 million, respectively, net of allowances for impairment which represents an increase of 24.4% in our total loan assets from June 30, 2016 to June 30, 2017, and an increase of 5.7% from June 30, 2017 to September 30, 2017. These increases were mainly due to new business levels being increased as supported by the entering into the LABS Securitization in August 2015, the upsizing of the CABS Securitization in March 2016, the Refinancing in October 2016, the entering into the DABS Securitization in January 2017 and the issuance of the 2024 Existing Notes in February 2017. Our total loan assets of the Borrower Group as of June 30, 2015, 2016 and 2017, and as of September 30, 2017 totaled £617.7 million, £606.4 million, £877.4 million and £924.1 million, respectively, net of allowances for impairment, which represents an increase of 44.7% from June 30, 2016 to June 30, 2017 and an increase of 5.3% from June 30, 2017 to September 30, 2017. The increase in the Borrower Group's total loan assets between June 30, 2016 and June 30, 2017 was mainly due to the repurchase of assets from the CABS Securitization from the proceeds received on the issue of the 2024 Existing Notes. The increase in the Borrower Group's total loan assets between June 30, 2017 and September 30, 2017 was mainly due to the repurchase of assets from the CABS Securitization from the net proceeds received on entry into the TABS Securitization and the higher advance rate

of the TABS Securitization resulting in the repayment subordinated loan notes related to the CABS securitization, the proceeds of which were used to fund the underwriting of new loans in the Borrower Group.

The table below provides an analysis of our total loan portfolio and our loan portfolio by class (performing loans, non-performing arrears loans, repossessions and LPA Sales loans and development loans), pursuant to IFRS, as of September 30, 2017.

	As of September 30, 2017				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio	2,377.8	2,163.2	76.8	34.6	103.2
Number of loans	30,601	27,416	2,613	302	270
Average loan size (£'000)	77.7	78.9	29.4	114.7	382.1
Weighted average indexed LTV (%)(1)	54.4%	52.3%	60.5%	71.1%	87.0%
Total allowances for impairments	26.3	1.8	4.7	5.9	13.9
Exposure to negative equity	22.8	2.4	3.5	4.7	12.2
Repayment type					
Capital repayment loans	801.2	759.5	37.3	4.4	—
Bridging loans(2)	879.2	727.9	28.1	20.0	103.2
Interest only retail purpose	202.2	197.3	4.7	0.2	—
Interest only commercial purpose	495.2	478.5	6.7	10.0	—
Security					
Residential	1,751.6	1,605.0	62.7	25.2	58.7
Commercial	626.2	558.2	14.1	9.5	44.4
Purpose					
Retail	799.5	764.1	34.2	1.2	—
Commercial	1,578.3	1,399.1	42.6	33.4	103.2
Lien					
First	1,508.4	1,361.2	37.7	30.9	78.6
Second	869.4	802.0	39.1	3.7	24.6
Origination					
2017	877.0	841.7	0.5	0.7	34.1
2016	605.4	568.5	7.6	8.9	20.4
2015	305.2	272.5	13.5	6.4	12.8
2014	139.7	131.0	6.3	1.9	0.5
2013	50.3	46.1	2.1	1.4	0.7
2012	27.8	25.7	1.2	0.4	0.5
2011	34.8	31.1	1.7	1.5	0.5
2010	26.5	23.3	1.3	0.1	1.8
2009	31.0	27.7	2.7	0.4	0.2
2008	62.3	47.7	6.4	1.4	6.8
2007	105.6	82.9	15.8	5.1	1.8
2006	62.8	37.3	9.1	4.7	11.7
Pre 2006	49.4	27.7	8.6	1.7	11.4

(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."

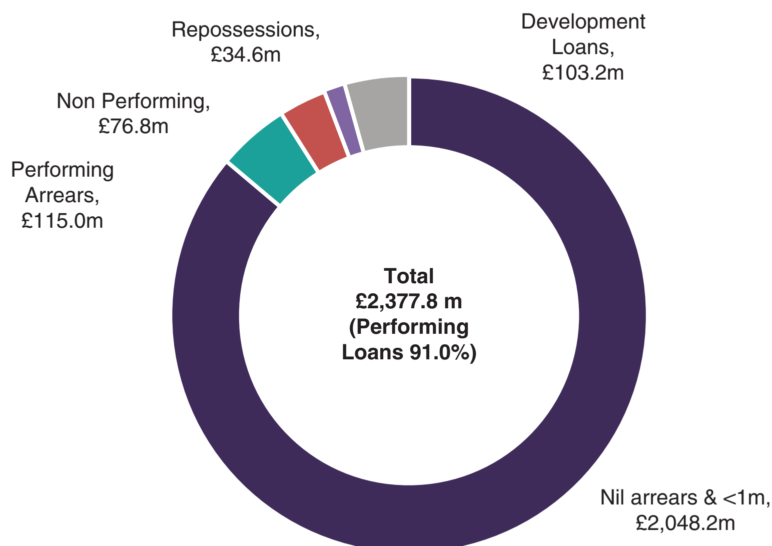
(2) Bridging loans includes £62.9 million of regulated bridging loans included in retail purpose lending. The remainder are included within short term commercial purpose lending.

The table below sets forth our loan portfolio by loan size, number of loans and value, pursuant to IFRS, as of September 30, 2017.

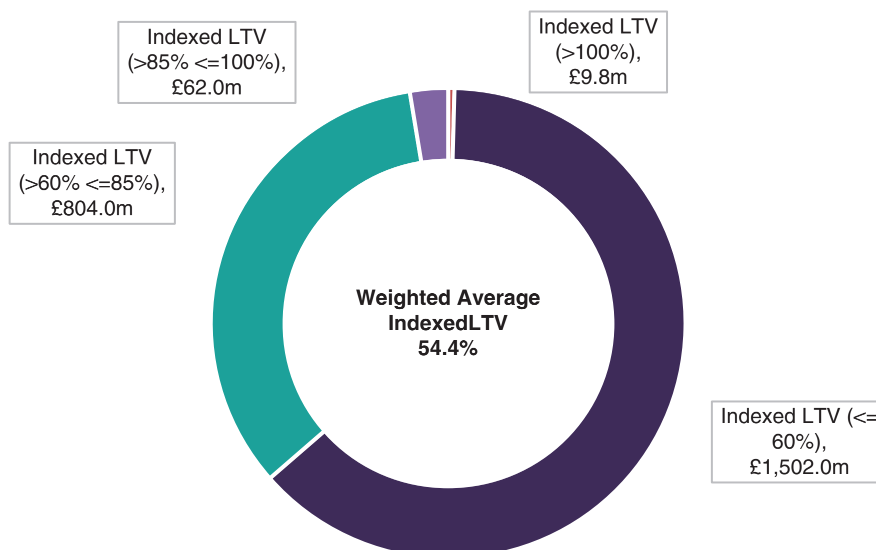
Loan size	Number of loans	Value £m
Above £5 million	13	79.5
£2.5 million to £5 million	40	137.7
£1 million to £2.5 million	167	265.9
£0.5 million to £1 million	336	227.4
£0.25 million to £0.5 million	944	317.2
£0.1 million to £0.25 million	3,394	118.4
£50 thousand to £100 thousand	6,111	807.8
Below £50 thousand	19,596	423.9
Total	30,601	2,377.8

The charts below show our loan portfolio by value by asset class and indexed LTV band as of September 30, 2017.

Asset Classes



Indexed LTV Bands

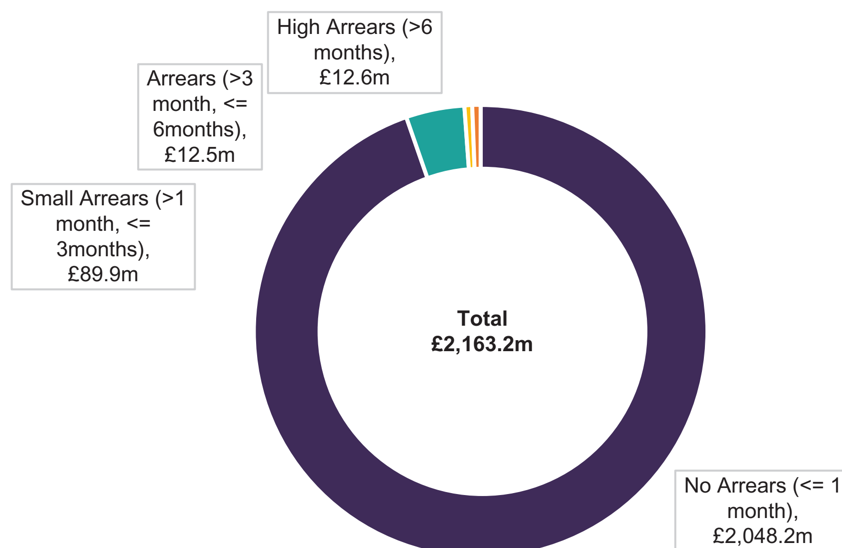


Performing Loans

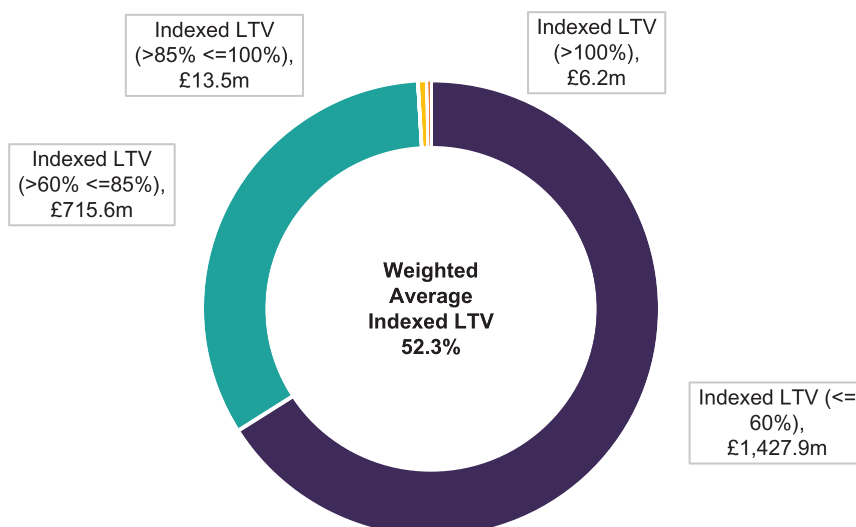
Performing loans as of September 30, 2017 consisted of: (i) loans with £nil arrears or arrears less than or equal to one month's contractual installment or where no contractual monthly installment is due totaling £2,048.2 million, or 86.2% of our loan portfolio, and (ii) "performing arrears loans," being 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 £115.0 million, or 4.8% of our total loan portfolio.

As of September 30, 2017, performing loans totaled £2,163.2 million, or 91.0% of our loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 0.6% as of September 30, 2017 compared to September 30, 2016. As of September 30, 2016, performing loans totaled £1,680.8 million, or 90.4% of our loan portfolio.

Arrears Categories



Indexed LTV Bands



As of September 30, 2017, our performing loans of £2,163.2 million had an aggregate exposure to negative equity of £2.4 million, and allowances for impairment in an amount of £1.8 million.

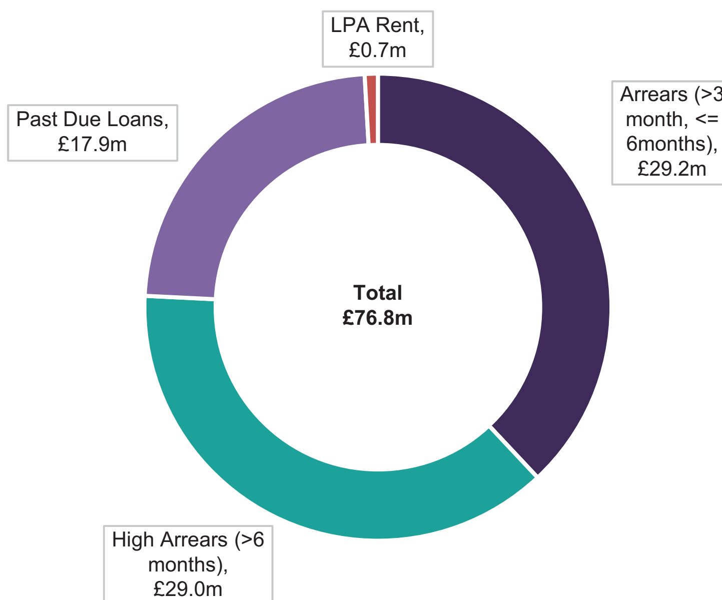
Non-Performing Arrears Loans

A loan is considered non-performing when it has contractual 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.

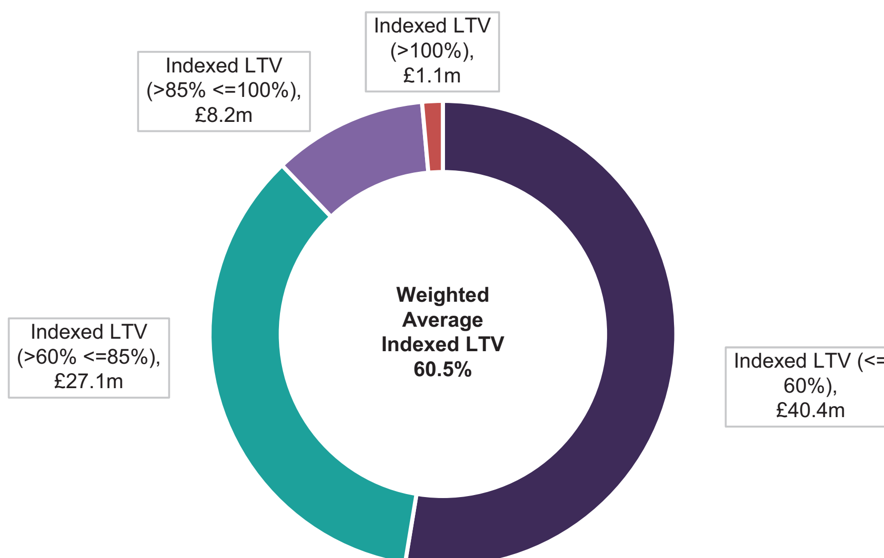
As of September 30, 2017, non-performing arrears loans totaled £76.8 million, or 3.2% of our loan portfolio. Total non-performing arrears loans as a percentage of our loan portfolio decreased by 0.5% as of September 30, 2017 compared to September 30, 2016. As of September 30, 2016, non-performing arrears loans totaled £68.7 million, or 3.7% of our loan portfolio.

The charts below show our non-performing arrears loans by value by arrears category and by indexed LTV band after impairments as of September 30, 2017.

Arrears Categories



Indexed LTV Bands



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

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

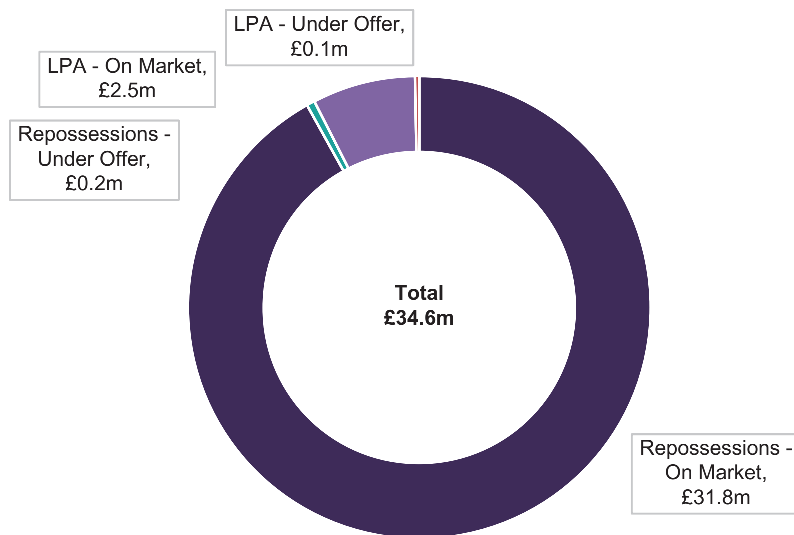
As of September 30, 2017, our £76.8 million of non-performing loans had an aggregate exposure to negative equity of £3.5 million, taking into account cross guarantees in place, which is covered by allowances for impairment in an amount of £4.7 million. 55.5% of our non-performing arrears loans were underwritten prior to 2010.

Repossessions and LPA Receivership

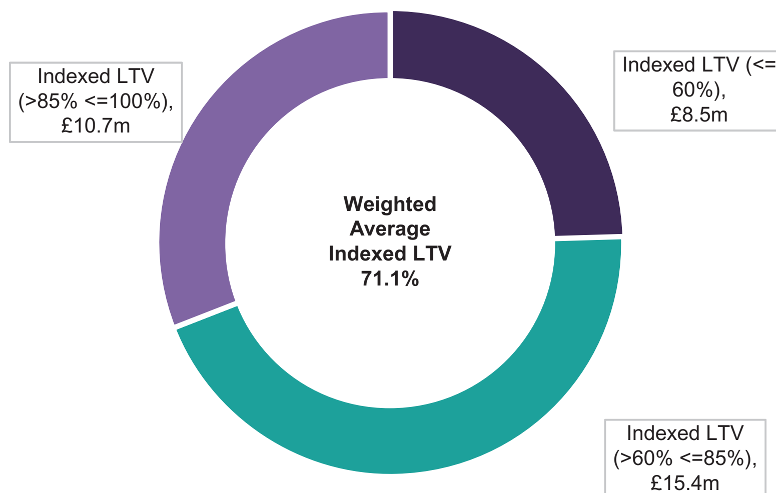
Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security or in respect of which the borrower has surrendered ownership of the property. LPA receivership is typically used to exercise security over property used for commercial purpose loans and enable us to sell the property ("LPA Sales"). As of September 30, 2017, we had a total of £34.6 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 after impairments as of September 30, 2017.

Stages of Recovery



Indexed LTV Bands



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

As of September 30, 2017, our £34.6 million of our loans subject to a repossession order or LPA sale had an aggregate exposure to negative equity of £4.7 million, taking into account cross guarantees in place, which is covered by allowances for impairment in an amount of £5.9 million.

Development Loans

Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. We underwrite relatively few new development loans each year and continue to support a small number of historical funding commitments already agreed or required to complete existing developments. As of September 30, 2017, we had a total of £103.2 million in development loans of which £32.0 million representing 31.0% were originated prior to December 31, 2009 and £71.2 million representing 69.0% were originated since January 1, 2010.

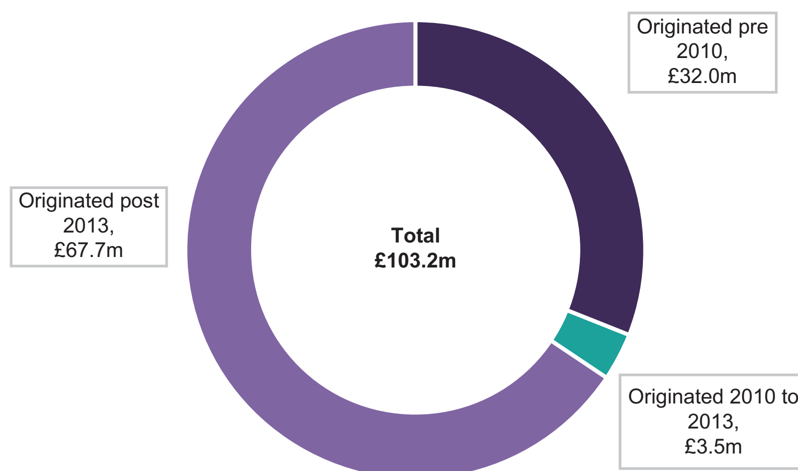
In respect to our historical development loans, primarily those originated prior to December 31, 2009 and, due to the negative equity position of some of these loans, we have either taken possession of the underlying development or are working with the borrowers to achieve an orderly completion and sale of the sites. We have a dedicated team established to actively reduce this loan class by looking to dispose of properties while maximizing value. Between June 30, 2013 and September 30, 2017, the balance of development loans originated prior to December 31, 2009 has reduced from £91.5 million to £32.0 million, after taking into account a further £10.2 million of further advances made to support completion of such units, where in doing so we believe this will improve the recoverability of the amounts due.

In the twelve months ended September 30, 2017, we extended £38.5 million in further advances on loans originated prior to September 30, 2016 (of which £0.1 million related to loans originated prior to 2010) and have underwritten £60.6 million in new development loans comprised of £32.2 million of initial advances and £28.4 million of further advances (in relation to loans originated initially on or after October 1, 2016). As of September 30, 2017 we had an aggregate exposure to negative equity on development loans, taking into account cross-guarantees of £12.2 million. We recorded allowances for impairment of £13.9 million.

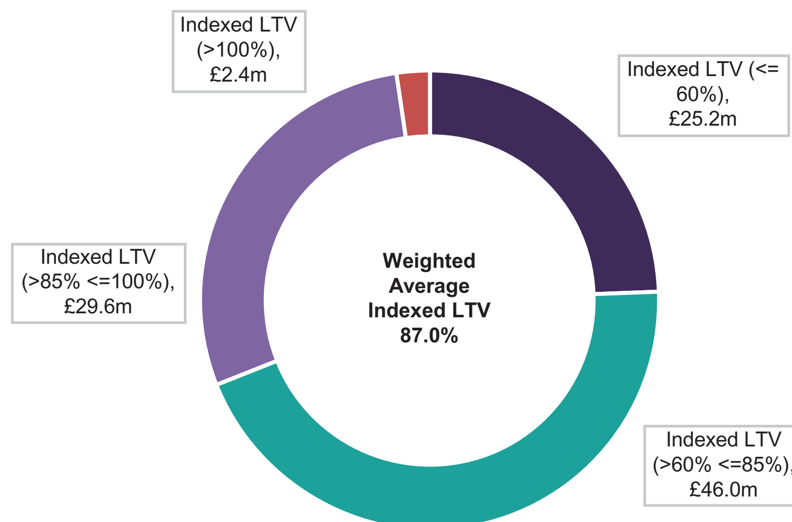
As of September 30, 2017, development loans comprised 4.3% of our loan portfolio.

The charts below show our development loans by value by origination date and indexed LTV after impairments band as of September 30, 2017.

Origination Date



Indexed LTV Bands

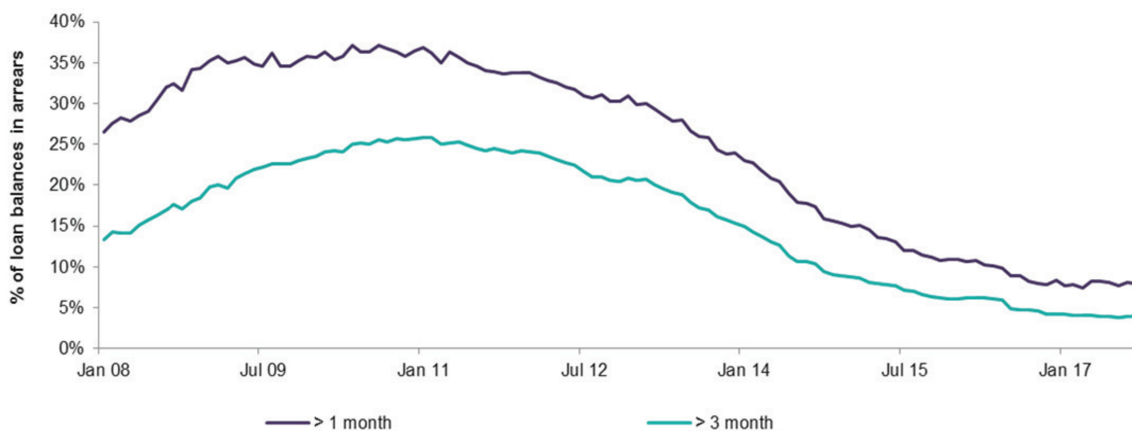


Arrears Trends

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

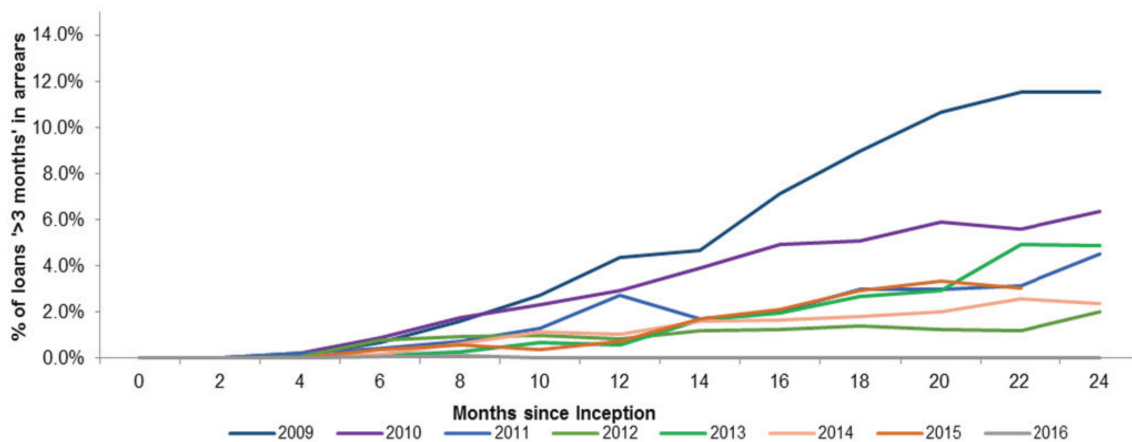
The number of loans in arrears remained relatively stable between 2009 and 2012, at which point a marked reduction in the number of loans in arrears commenced, with the number of loans in arrears less than or equal to one month's contractual installment continuing to decline.

The graph below shows the progression of bands of loans in contractual arrears by loan balance as a percentage (excluding development loans and those loans that are subject to an LPA sale or repossession order) of our loan portfolio, from January 2009 to September 2017.



The balance of loans in arrears remained relatively stable between 2009 and 2012 at which point a marked reduction in the balance of arrears commenced. A loan that is a non-performing arrears loan will continue to accrue further arrears until such time as it becomes a performing loan or is redeemed.

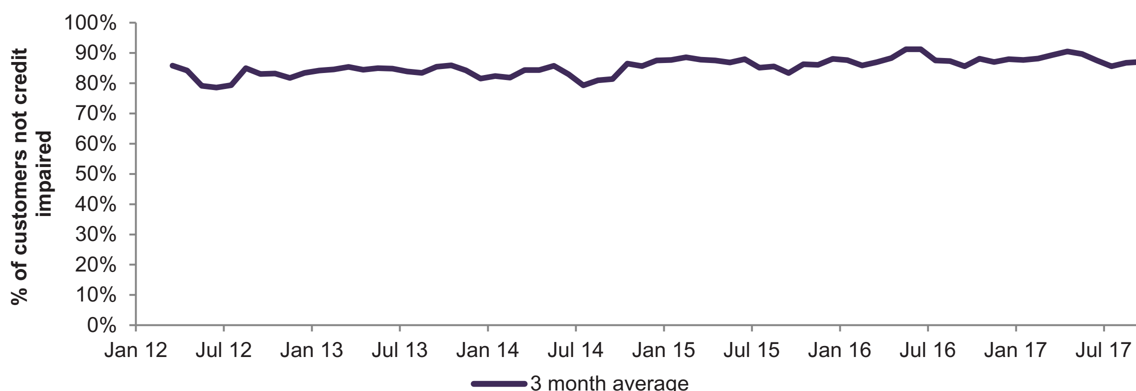
The graph below shows vintage delinquencies split by calendar year of origination from 2009 through to 2016 that have arrears greater than three months.



There has been a significant improvement in vintage delinquency rates since 2009, with the amount of loans experiencing arrears greater than three months contractual instalments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015.

Credit Quality

The graph below shows the percentage of accounts, based on monthly new advances, for which the borrower has been classified as not credit impaired. The credit quality of the borrower has been maintained despite new advances (including further advances) increasing from £1,000.0 million to £1,333.7 million in the last twelve months ended September 30, 2016 and 2017, respectively.



For loans originated since January 1, 2012, approximately 87% of customers are not credit impaired pursuant to the FCA definition of credit impairment (as defined below). For loans originated since January 1, 2012, for retail purpose, short-term commercial purpose and medium and long-term commercial purpose loans, approximately 86%, 89% and 82%, respectively, of customers are not credit impaired pursuant to the FCA definition of credit impairment (as defined below).

For loans originated since October 1, 2016, approximately 88% of customers are not credit impaired pursuant to the FCA definition of credit impairment (as defined below). For loans originated since October 1, 2016, for retail purpose, short-term commercial purpose and medium and long-term commercial purpose loans, approximately 86%, 91% and 83%, respectively, of customers are not credit impaired pursuant to the FCA definition of credit impairment (as defined below).

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

- has been in arrears on a mortgage / loan within last two years, where the cumulative amount in arrears is equal to or larger than 3 months' payments; or

- has one or more county court judgments against the borrower within the last three years, with a total value greater than £500; or
- has been subject to an individual voluntary arrangement or bankruptcy order within the last three years.

Loss Sensitivities

Total Loan Portfolio

The LTV of our loan portfolio on a weighted average indexed basis remains prudent at 54.4% as of September 30, 2017 and has been generally reducing over time. Of our loan portfolio, 0.6% had an indexed LTV greater than 100% (after netting any allowances for impairment) as of September 30, 2017. As of September 30, 2017, the loan portfolio had an aggregate exposure to negative equity of £22.8 million, which is covered by allowances for impairment in place of £26.3 million.

As of September 30, 2017, our consolidated financial statements include £58.7 million of allowances for impairment which includes £26.3 million in respect of the loan portfolio, £32.0 million in respect of loans with carrying values of £nil for which full provisions are in place, and the remainder being in respect of allowances for impairment on loans within our non-core operating subsidiaries.

In stress testing our loan portfolio as of September 30, 2017, a 5%, 10% and 20% decline to indexed valuations on a loan by loan analysis would result in additional negative equity exposure of £2.9 million, £7.2 million and £20.0 million, respectively.

Borrower Group Loan Analysis

The table below provides a summary of the Borrower Group's loan portfolio and the Borrower Group's loan portfolio by asset class (performing loans, non-performing arrears loans, repossessions and LPA Sales and development loans) as of September 30, 2017. As of September 30, 2017, 77.3% of the Borrower Group loan portfolio are classified as performing loans. The Borrower Group's loan portfolio contains almost all of our non-performing arrears loans, all of our repossession and LPA Sales loans and almost all of our development loans, which are ineligible loans for the Conduit Securitizations and were not eligible to be sold to Together ABS in connection with the Term Securitization.

	As of September 30, 2017				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Loan portfolio[1]	901.3	696.6	67.3	34.2	103.2
Number of loans	9,801	6,736	2,494	301	270
Average loan size (£'000)	92.0	103.4	27.0	113.7	382.1
Weighted average indexed LTV (%)	59.1%	54.0%	61.4%	71.4%	87.0%
Total allowances for impairments	25.6	1.1	4.7	5.9	13.9
Exposure to negative equity	22.4	2.0	3.5	4.7	12.2
Repayment type					
Capital repayment loans	247.9	209.7	33.8	4.4	—
Bridging loans	494.3	347.8	23.3	20.0	103.2
Interest only retail purpose	46.4	41.9	4.3	0.2	—
Interest only commercial purpose	112.6	97.2	5.9	9.6	—
Security					
Residential	525.4	384.5	57.0	25.2	58.7
Commercial	375.8	312.0	10.3	9.1	44.4
Purpose					
Retail	232.5	200.5	30.8	1.2	—
Commercial	668.8	496.1	36.5	33.0	103.2
Lien					
First	659.2	518.1	32.0	30.5	78.6
Second	242.1	178.5	35.3	3.7	24.6

	As of September 30, 2017				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales	Development Loans
	(£ in millions, except where otherwise indicated)				
Origination					
2017	448.6	413.3	0.5	0.7	34.1
2016	124.2	90.4	4.9	8.5	20.4
2015	57.2	27.6	10.4	6.4	12.8
2014	37.8	30.6	4.8	1.9	0.5
2013	10.4	6.5	1.8	1.4	0.7
2012	6.0	4.1	1.0	0.4	0.5
2011	9.8	6.1	1.7	1.5	0.5
2010	8.0	5.0	1.1	0.1	1.8
2009	10.6	7.5	2.5	0.4	0.2
2008	35.4	21.1	6.1	1.4	6.8
2007	63.6	41.3	15.4	5.1	1.8
2006	48.8	23.3	8.8	4.7	11.7
Pre 2006	40.9	19.4	8.4	1.7	11.4

(1) The loan analysis of the borrower group excludes £31.2 million of additional loans and borrowings due to the Borrower Group in respect of loans where the principal balance of the initial loan advance forms part of the assets in the Securitizations.

As of September 30, 2017, 25.8% of our Borrower Group loan portfolio was classified as retail purpose, 62.8% of our Borrower Group loan portfolio was classified as commercial purpose and 11.4% of our Borrower Group loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the FCA as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes CBTL's loans that were underwritten following such date. Our retail purpose loans also include regulated bridging loans which we started underwriting in February 2016. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan is used for business purposes. Such loans could include: in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property (but excluding regulated bridging loans). Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 31.0% of our development loans within the Borrower Group loan portfolio were underwritten prior to 2010 which we continue to support, and 69.0% were underwritten from January 1, 2010 onwards. As of September 30, 2017, 58.3% of our Borrower Group loan portfolio was secured by residential property. The table below sets forth additional information in respect of the Borrower Group's loan portfolio.

		Commercial Purpose 62.8%[1]			
	Retail Purpose 25.8%	Short-term Commercial Purpose 40.9%	Medium- and Long-term Commercial Purpose 21.9%[3]		Development 11.4%
			Commercial Security 12.0%	BTL + 9.9%	
Principal Subsidiaries	• TPFL • BFL[4]	• TCFL • BDFL[4] • AFL • HARPL[4]	• TCFL • HARPL[4]	• TCFL • BFL[4] • HARPL[4]	• TCFL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth individuals

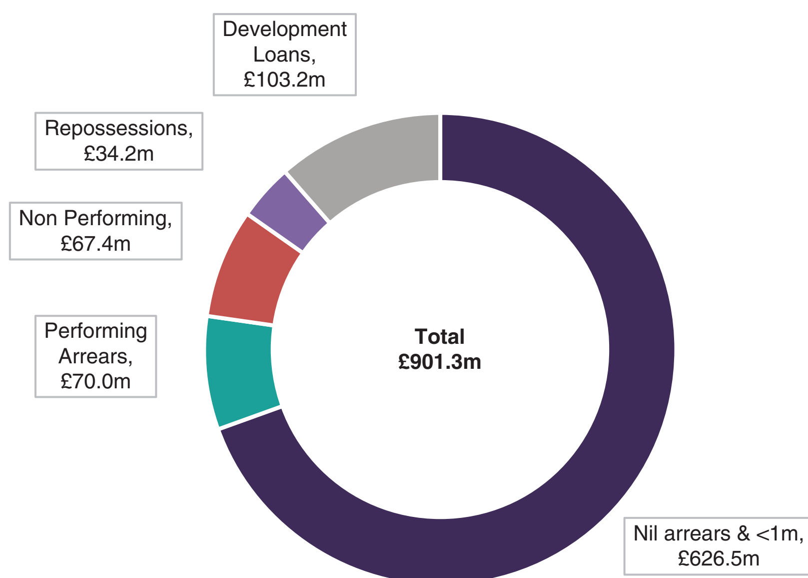
	Retail Purpose 25.8%	Commercial Purpose 62.8%[1]			Development 11.4%
		Short-term Commercial Purpose 40.9%	Medium- and Long-term Commercial Purpose 21.9%[3]		
			Commercial Security 12.0%	BTL + 9.9%	
Regulator	• FCA	• Unregulated	• Unregulated	• Unregulated	• Unregulated
Distribution	• Brokers • Direct sales	• Brokers • Professional referrals • Auction houses • Direct sales	• Brokers • Professional referrals • Direct sales	• Brokers • Professional referrals • Direct sales • Auction house	• Brokers • Professional referrals • 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	• Residential property • Commercial and semi-commercial property
Terms	• 1 to 30 years	• Up to 24 months	• 2-30 years	• 2-30 years	• Through to completion and sale of units
Underwriting	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security and exit strategy	Underwriting with detailed assessment of affordability and security	Underwriting with detailed assessment of affordability and security	Project appraisal
Loan Portfolio Value	• First lien: £101.2 million • Second lien: £131.3 million • Total: £232.5 million	• First lien: £315.8 million • Second lien: £52.7 million • Total: £368.5 million	• First lien: £100.8 million • Second lien: £7.8 million • Total: £108.6 million	• First lien: £62.8 million • Second lien: £25.7 million • Total: £88.5 million	• First lien: £78.6 million • Second lien: £24.6 million • Total: £103.2 million
Number of Loans	• First lien: 1,261 • Second lien: 5,619 • Total: 6,880	• First lien: 646 • Second lien: 243 • Total: 889	• First lien: 711 • Second lien: 110 • Total: 821	• First lien: 514 • Second lien: 427 • Total: 941	• First lien: 185 • Second lien: 85 • Total: 270
Weighted Average Indexed LTV	• First lien: 45.1% • Second lien: 52.5% • Total: 49.3%	• First lien: 59.9% • Second lien: 62.0% • Total: 60.2%	• First lien: 52.7% • Second lien: 47.5% • Total: 52.3%	• First lien: 55.3% • Second lien: 54.5% • Total: 55.1%	• First lien: 81.7% • Second lien: 104.5% • Total: 87.0%
Weighted Average Nominal Rate	• First lien: 7.4% • Second lien: 10.8% • Total: 9.3%	• First lien: 12.0% • Second lien: 13.0% • Total: 12.1%	• First lien: 9.0% • Second lien: 9.9% • Total: 9.1%	• First lien: 9.7% • Second lien: 10.0% • Total: 9.8%	• First lien: 12.0% • Second lien: 10.9% • Total: 11.8%
Average Inception Loan Size[3]	• First lien: £80.9 thousand • Second lien: £25.2 thousand • Total: £35.4 thousand	• First lien: £543.9 thousand • Second lien: £241.4 thousand • Total: £461.2 thousand	• First lien: £146.1 thousand • Second lien: £76.6 thousand • Total: £136.8 thousand	• First lien: £141.3 thousand • Second lien: £63.9 thousand • Total: £106.2 thousand	• First lien: £343.7 thousand • Second lien: £167.3 thousand • Total: £288.2 thousand

(1) The aggregate average inception loan size of commercial loans is £213.3 thousand.
(2) The aggregate average inception loan size of retail, commercial purpose and development loans is £92.0 thousand.
(3) The average inception loan size of medium- and long-term commercial purpose loans is £120.4 thousand.
(4) AFL, BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.

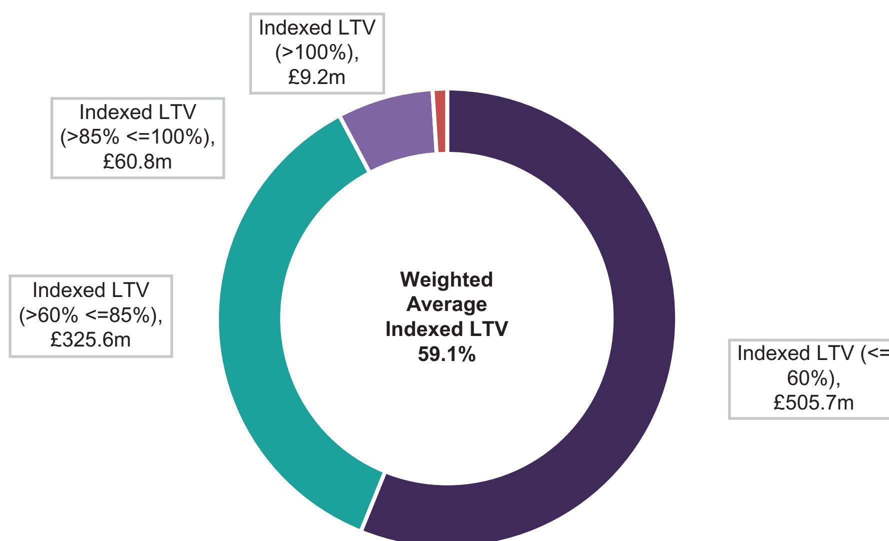
As of September 30, 2017, commercial purpose loans comprised 62.8% of the Borrower Group's loan portfolio, with a weighted average indexed LTV of 57.9% and a weighted average nominal rate of 11.2%.

The charts below show the Borrower Group's loan portfolio, by asset class and indexed LTV band as of September 30, 2017.

Asset Classes



Indexed LTV Bands



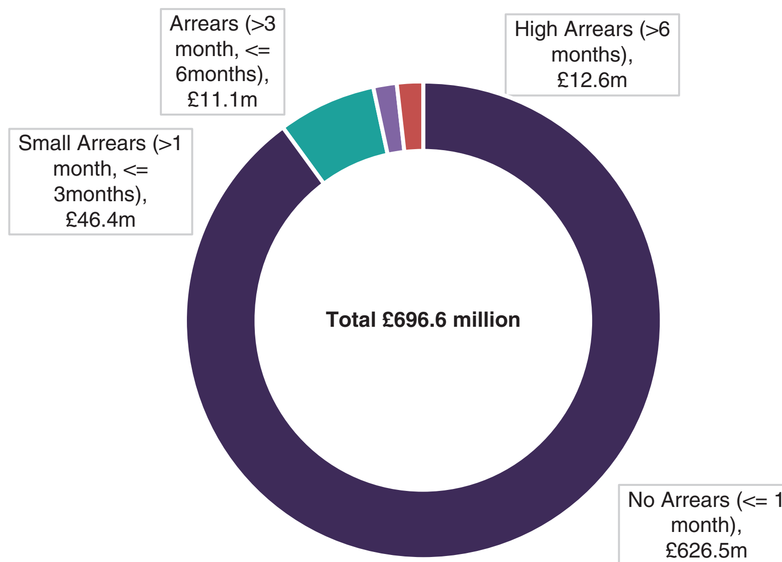
Performing Loans

Performing loans as of September 30, 2017 consisted of: (i) nil arrears or arrears less than or equal to one month's contractual installment or where no monthly contribution installment is due totaling £626.5 million, or 69.5% 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 £70.0 million, or 7.8% of the Borrower Group's loan portfolio. As of September 30, 2017, performing loans totaled £696.6 million or 77.3% of the Borrower Group loan portfolio. Total performing loans as a percentage of our loan portfolio increased by 4.9% as of September 30, 2017 compared to September 30, 2016.

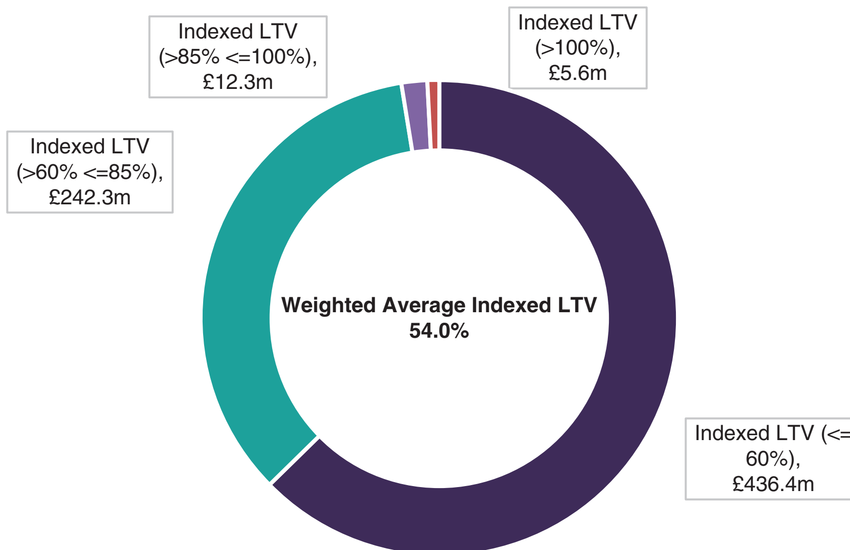
As of September 30, 2016, performing loans totaled £427.5 million or 72.4% of our Borrower Group loan portfolio.

The charts below show the Borrower Group's performing loans by value by arrears category and indexed LTV band after allowances for impairments as of September 30, 2017.

Arrears Categories



Indexed LTV Bands

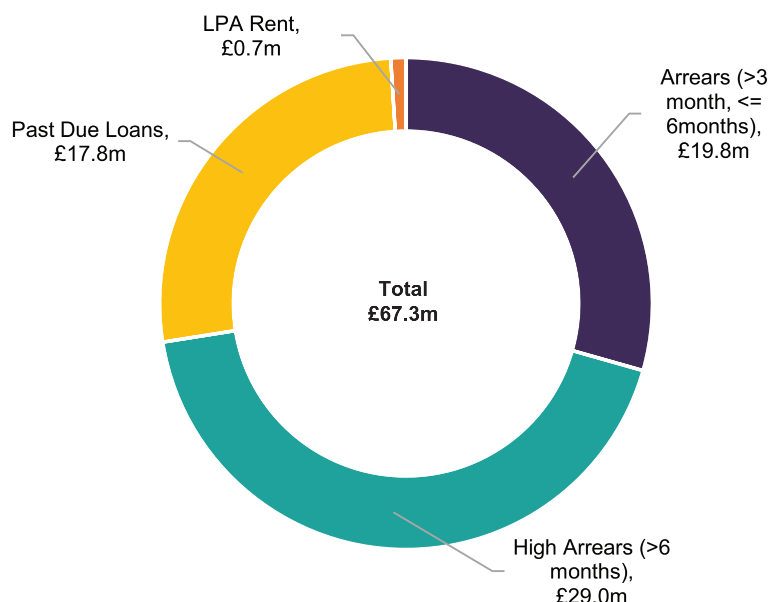


Non-Performing Arrears Loans

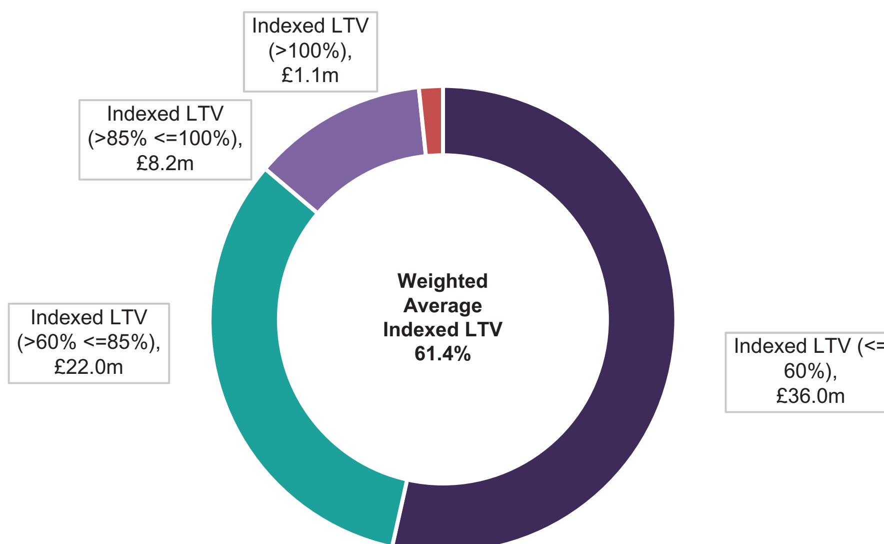
As of September 30, 2017, non-performing loans totaled £67.3 million or 7.5% of the Borrower Group loan portfolio.

The charts below show the Borrower Group's non-performing arrears loans by value by arrears category and by indexed LTV band after allowances for impairments as of September 30, 2017.

Arrears Categories



Indexed LTV Bands



Repossessions and LPA Receivership

The loan categories of repossessions and LPA Sales and development loans are not separately analyzed with respect to the Borrower Group, as the loan populations of those categories are almost identical to those of the group's analysis of loan portfolio. As of September 30, 2017, repossessions portfolio and LPA Sales and development loans represented 3.8% and 11.4%, 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 59.1% as of September 30, 2017. As of September 30, 2017, the Borrower Group's loan portfolio loans had an aggregate exposure to negative equity of £22.4 million, taking into account cross guarantees in place, which is covered by allowances for impairment in an amount of £25.6 million. The percentage of loans within the Borrower Group with an origination LTV of greater than 75% decreased from 12.0% as of September 30, 2016 to 10.5% as of September 30, 2017.

In stress testing the Borrower Group's loan portfolio as of September 30, 2017, a 5%, 10% and 20% decline to indexed valuations on a loan by loan analysis, would result in additional negative equity exposure of £2.9 million, £7.1 million and £19.3 million, respectively.

Loan Assets to be Repurchased from Charles Street ABS

The table below provides the analysis by asset class of the £179.5 million principal balance of assets which are to be repurchased from Charles Street ABS at an advance rate of 78.0% with the proceeds of the offering of the 2024 Additional Notes. Following the repurchase, these assets will form part of the Borrower Group and secure the Notes. The assets to be repurchased from Charles Street ABS have been randomly selected by a system-generated algorithm on January 23, 2018 from the total pool of assets owned by Charles Street ABS as of January 19, 2018, taking into consideration the portfolio covenants under the CABS Securitization. To the extent any such asset, selected by the system-generated algorithm would be redeemed or prepaid between January 19, 2018 and the Issue Date, these assets will be replaced with alternative randomly selected assets from the loan portfolio owned by Charles Street ABS. The loan portfolio owned by Charles Street ABS complies with the CABS Securitization eligibility criteria described in "*Description of Certain Financing Arrangements—Conduit Securitizations—CABS Securitization*."

Of the £179.5 million assets to be repurchased, £13.8 million were originated after September 30, 2017 and £11.1 million resided in the Borrower Group as of September 30, 2017 but were subsequently sold to Charles Street ABS.

There can be no assurance that the randomly selected loans to be repurchased from Charles Street ABS with the proceeds of the offering of the Notes will be entirely comparable to the loan data presented below due to any redemptions or prepayments related to the randomly selected assets from January 19, 2018 to the Issue Date. None of the Issuer, the Company, the Initial Purchasers or any of their respective directors, officers, advisers, auditors, experts, agents or representatives can make any representation regarding the accuracy or adequacy of the loan analysis below. Prospective investors in the 2024 Additional Notes are cautioned not to rely on, and will be deemed not to have relied on, the projections. See "*Forward-Looking Statements*."

	As of January 19, 2018				
	All Loans	Performing Loans	Non-Performing Arrears Loans	Repossessions and LPA Sales(1)	Development Loans(1)
	(£ in millions, except where otherwise indicated)				
Loan portfolio	179.5	178.5	1.0	N/A	N/A
Number of loans	2,041	2,024	17	N/A	N/A
Average loan size (£)	87,957	88,192	60,050	N/A	N/A
Weighted average indexed LTV (%)	51.0%	63.9%	47.3%	N/A	N/A
Repayment Type					
Capital repayment loans	63.9	63.2	0.7	N/A	N/A
Bridging Loans	60.1	59.9	0.2	N/A	N/A
Interest only retail purpose	21.3	21.2	0.1	N/A	N/A
Interest only commercial purpose	34.2	34.2	—	N/A	N/A
Security					
Residential	121.2	120.5	0.7	N/A	N/A
Commercial	58.3	58.0	0.3	N/A	N/A
Purpose					
Retail	63.6	63.0	0.6	N/A	N/A
Commercial	115.9	115.5	0.4	N/A	N/A
Lien					
First	112.8	112.3	0.5	N/A	N/A
Second	66.7	66.2	0.5	N/A	N/A

(1) The assets to be repurchased from Charles Street ABS do not include any repossessions and LPA sales or development loans assets.

Loan Assets Cash Flow Metrics

The group is highly cash generative and had £319.4 million of Cash Receipts in the three months ended September 30, 2017, comprising £61.5 million of interest and fees and £257.9 million of principal receipts. As of September 30, 2017, our total loan assets were £2,369.4 million.

The levels of cash generation have been increasing over recent years reflecting the growth of our loan book. In addition this reflects the growth of our short-term commercial purpose loan originations, which generally redeem earlier than other types of loans. Cash Receipts for the group in the three months ended September 30, 2016 and 2017 were £231.7 million and £319.4 million, respectively. Cash Receipts expressed as a percentage of average total loan assets were 50.7% and 55.4% in the three months ended September 30, 2016 and 2017, respectively, in part reflecting the increased funding levels in origination of short-term commercial loans.

The Borrower Group generated £165.5 million of Cash Receipts in the three months ended September 30, 2017 comprised of: £19.5 million of interest and fees; £114.3 million of principal receipts and £31.7 million surplus income from the Securitizations. See "*Summary—Overview—Our Sources of Funding*." As of September 30, 2017, the Borrower Group's total loan assets were £924.1 million.

Cash Receipts for the Borrower Group in the three months ended September 30, 2016 and 2017 were £121.3 million and £165.5 million, respectively. Cash Receipts expressed as a percentage of total average loan assets of the Borrower Group were 79.4% and 73.5% on an annualized basis in the three months ended September 30, 2016 and 2017, respectively.

The group had cash outflow related to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017 resulting in cash available for debt service and writing new business of £295.4 million for the group and £141.5 million for the Borrower Group.

In the three months ended September 30, 2017, the group paid interest costs of £27.6 million and debt issuance costs of £1.6 million. In the same period the Borrower Group paid interest costs of £16.6 million and debt issuance costs of £1.6 million.

In the three months ended September 30, 2017, the group increased the amount drawn under its debt facilities by £101.3 million comprising £261.3 million from the issuance of the Rated TABS Notes, a decrease of £135.0 million in relation to a reduction in the variable funding notes outstanding under the CABS Securitization and a £25.0 million reduction in variable funding notes under the LABS Securitizations.

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*."

Supplemental Cash Flow Information

The table below provides our cash flow information for the group and the Borrower Group stated before making adjustments for exceptional cash outflow associated with the Refinancing and the Exit Transactions:

	Supplemental consolidated cash flow information				
	Group				**Borrower Group**
	For the year ended June 30,			**For the twelve months ended September 30,**	**For the twelve months ended September 30,**
	2015	**2016**	**2017**	**2017**	**2017**
	(£ in millions)				
Interest and Fees	153.0	191.9	227.6	236.0	72.9
Principal	366.6	641.1	773.3	852.6	340.6
Securitization surplus income	—	—	—	—	125.9
Cash Receipts	**519.6**	**833.0**	**1,000.9**	**1,088.6**	**539.4**
Overheads and expenses(1)	(37.8)	(40.6)	(68.6)	(74.0)	(74.0)
Tax	(12.5)	(16.7)	(17.2)	(15.7)	(15.7)
PIK Note dividends(2)	—	—	(12.5)	(12.5)	(12.5)
Capital expenditure	(1.8)	(3.9)	(4.0)	(4.8)	(4.8)
Cash available for debt service	**467.4**	**771.8**	**898.7**	**981.6**	**432.4**
Cash interest payable (3)	(43.6)	(61.7)	(78.6)	(81.9)	(44.2)
Debt issuance costs(4)	(6.6)	(12.5)	(11.5)	(13.1)	(13.1)
Cash available after debt service	**417.2**	**697.6**	**808.6**	**886.6**	**375.1**
Debt increase(5)	298.5	354.0	389.1	460.4	254.1
Surplus funds	**715.7**	**1,051.6**	**1,197.7**	**1,347.0**	**629.2**
New advances	**(719.9)**	**(1,007.4)**	**(1,184.7)**	**(1,333.7)**	**(615.8)**
(Decrease)/Increase in cash	**(4.2)**	**44.2**	13.0	13.3	13.4
(Decrease)/ Increase in Securitization cash(5)(6)	*(0.2)*	*46.4*	(3.8)	(0.1)	
(Decrease)/Increase in cash and cash equivalents as per statutory accounts	*(4.1)*	*(2.3)*	16.8	13.4	

(1) Overheads and expenses for the year ended June 30, 2017 and for the twelve months ended September 30, 2017 includes £3.1 million of net exceptional cash outflow in relation to the Exit Transactions for the group and Borrower Group which consists of £4.3 million paid in respect of the Staff Incentive Plan less £1.2 million received with respect to the sale of shares held by the EB Trust as part of the Exit Transactions.
(2) PIK Note dividends relate to payments made to Midco2 and in turn to the PIK Notes Issuer in order to service interest on the PIK Notes.
(3) Cash interest payable for the year ended June 30, 2017 and the twelve months ended September 30, 2017 includes £15.1 million of exceptional cash outflow in relation to the Refinancing for the group and Borrower Group.
(4) Debt issuance costs in the year ended June 30, 2015 relate to the issuance of £100.0 million aggregate principal amount of additional 2018 Notes and refinancing of the CABS Securitization in November 2014. Debt issuance costs for the year ended June 30, 2016 relate to the entry into the LABS Securitization, the renewal of the Revolving Credit Facility in August 2015, the refinancing and upsizing of the CABS Securitization in August 2015 and March 2016, respectively. Debt issuance costs for the year ended June 30, 2017 relate to the Refinancing in October 2016, the entry into the DABS Securitization in January 2017 and the issuance of 2024 Existing Notes in February 2017. For the twelve months ended September 30, 2017, debt issuance costs relate to the Refinancing in October 2016, the entry into the DABS Securitization in January 2017, the issuance of 2024 Existing Notes in February 2017, the renewal of the Revolving Credit Facility in June 2017 and the issuance of the TABS Securitization in September 2017. Interest and debt issuance costs are consolidated within our accounts into the line item "Net cash outflow from operating activities".
(5) Debt increases includes net movements of the Securitizations, the 2018 Notes, the 2021 Notes and 2024 Existing Notes, the Original Subordinated Shareholder Loan Notes, the Subordinated Shareholder Funding and the Revolving Credit Facility in the period. It differs from the information in the statutory accounts under "Financing," as it does not include the movement in each Securitization cash balance.
(6) The movement of cash within the Securitizations is broken out separately to enable the schedule to be reconciled to our statutory accounts..

Other Loan Asset Metrics

Interest Yield

The table below sets forth interest yield for each of the periods indicated.

	Year ended June 30,			Three months ended September 30,	
	2015	2016	2017	2016	2017
	(£ in millions, except for percentages)				
Average total loan assets	1,238.5	1,612.1	2,020.8	1,828.0	2,305.1
Interest receivable and similar income	164.4	210.8	246.5	58.3	68.0
Interest yield[(1)(2)]	13.3%	13.1%	12.2%	12.7%	11.8%

(1) Interest yield is defined as interest receivable and similar income divided by average total loan assets.
(2) The annualized ratios as of and for the three months ended September 30, 2016 and 2017 have been calculated using the interest yield for the three months ended September 30, 2016 and 2017 and multiplied by four.

Net Interest Margin

The table below sets forth our levels of average total loan assets, net interest and net interest margin for each of the periods indicated.

	Year ended June 30,			Three months ended September 30,	
	2015	2016	2017	2016	2017
	(£ in millions, except for percentages)				
Average total loan assets	1,238.5	1,612.1	2,020.8	1,828.0	2,305.1
Net interest[(1)]	112.1	143.3	172.4	40.3	46.9
Net interest margin[(2) (3)]	9.1%	8.9%	8.5%	8.8%	8.1%

(1) Net interest is defined as interest receivable and similar income less interest payable and similar charges.
(2) Net interest margin represents the interest receivable and similar income less interest payable and similar charges divided by average total loan assets. As of and for the three months ended September 30, 2016 and 2017, these annualized ratios have been calculated using the net interest margin of our loan portfolio for the three months ended September 30, 2016 and 2017 and multiplied by four.
(3) For the three months ended September 30, 2016 and the year ended June 30, 2017, interest payable and similar charges has been adjusted for exceptional items relating to the Refinancing for the purposes of calculating net interest margin.

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 September 30, 2017 by the time remaining to maturity.

	As of September 30, 2017						
	1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5 -30 years	Past due loans(1)	Total
	(£ in millions)						
Performing Loans	30.6	46.4	424.4	131.7	1,326.4	203.6	2,163.2
Non-Performing Arrears Loans	0.1	0.2	4.2	4.1	30.4	37.8	76.8

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

Pre-payment Schedule

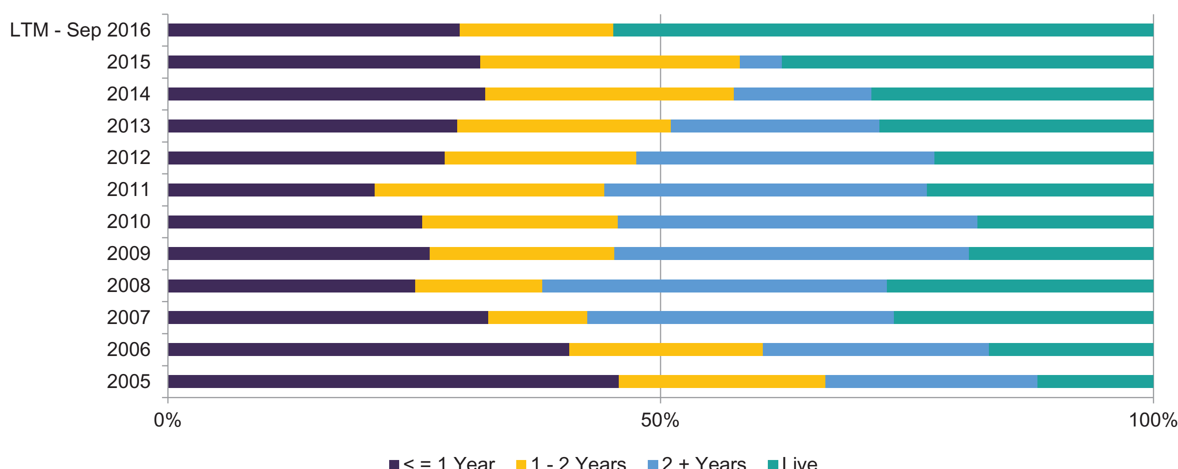
The rate at which our customers redeem their mortgages is a key driver of our businesses profitability and cash flow generation. Customers often redeem their loans prior to their contractual term either due to changes in their personal circumstances, such as moving house, or the availability of alternative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

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

All Prepayment Rates

Prior to and through 2007, as shown by the performance of loans underwritten in 2005, 2006 and 2007, approximately 40% of our total loan portfolio was typically repaid within twelve months. After 2007, only approximately 28% of the total loan portfolio was pre-paid within twelve months. This fall in redemption rates mirrors general trends in the UK mortgage market and was caused by a number of factors, including: the reduction in liquidity in the UK financial system, the reduction in house prices between 2008 and 2010 and its impact on reducing borrowers property equity, and the application of stricter and more challenging underwriting criteria applied throughout the UK mortgage industry.

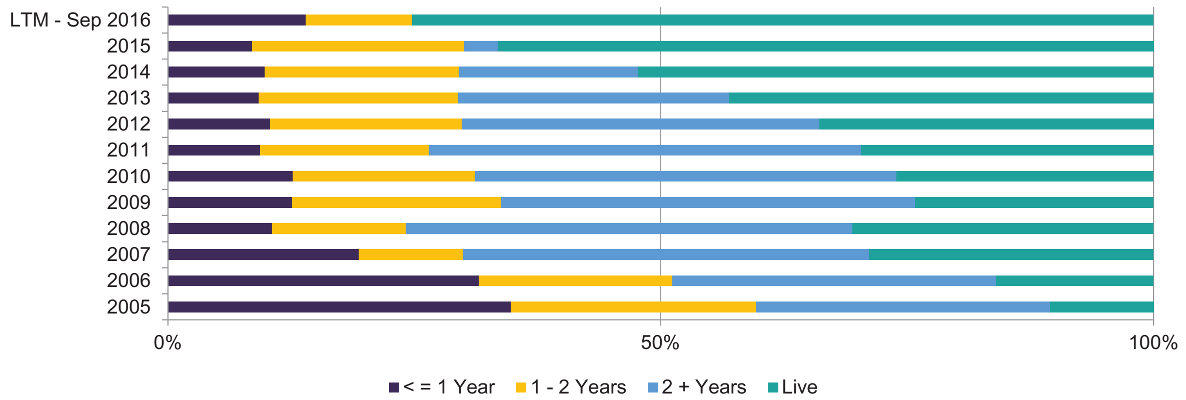
All Prepayment Rates



Retail Purpose Prepayment Rates

In the case of retail purpose loans underwritten in 2005, 2006 and 2007, approximately 29% were redeemed within twelve months, which fell to approximately 10% between 2008 and 2015. The increase in redemptions within the first twelve months for loans underwritten in 12 months ending September 30, 2016, reflects the increase in regulated bridging loans which have a twelve-month term.

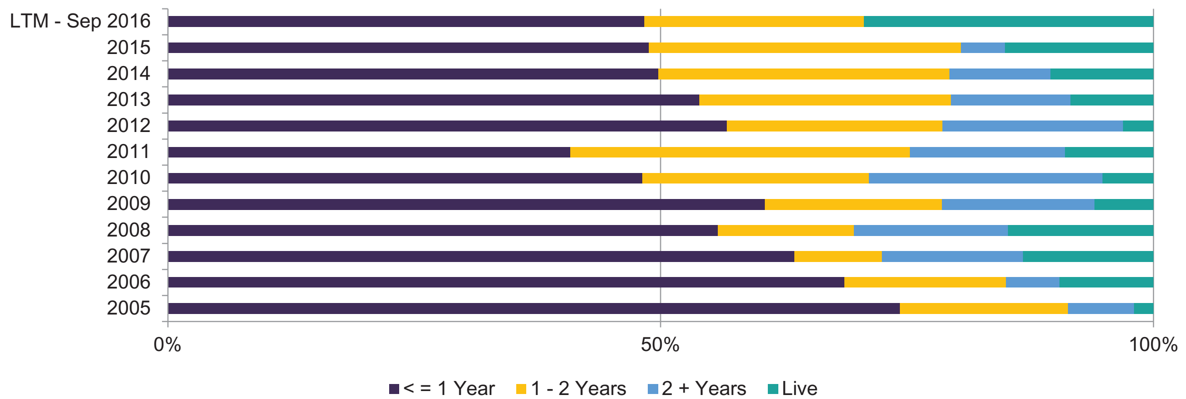
Retail Purpose Prepayment Rates



Commercial MLT Prepayment Rates

In the case of our medium- and long-term commercial purpose loans underwritten in 2005, 2006 and 2007, approximately 18% were redeemed within twelve months. This has fallen to approximately 7% for periods after 2007.

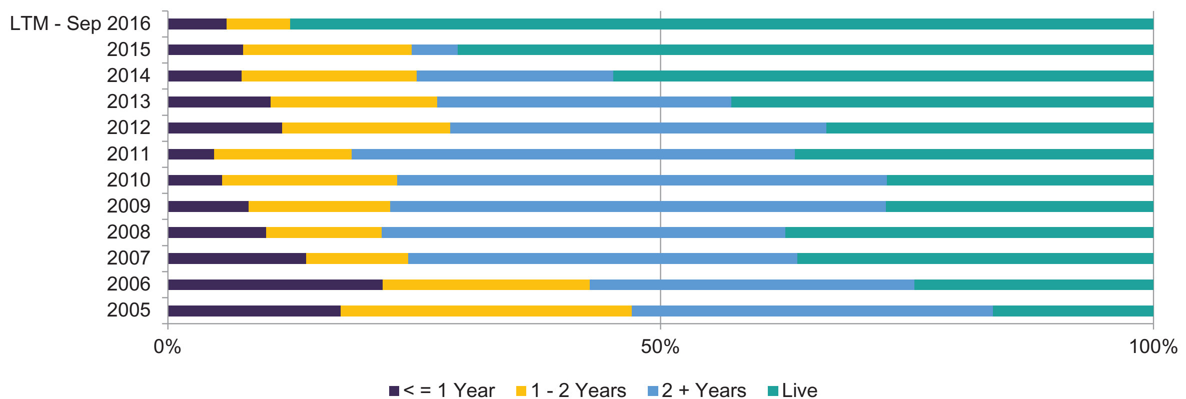
Commercial MLT Prepayment Rates



Commercial ST Prepayment Rates

In the case of our short-term commercial purpose loans underwritten in 2005, 2006 and 2007 approximately 69% were redeemed within twelve months. This has fallen to approximately 49% for periods after 2007.

Commercial ST Prepayment Rates



Significant Factors Affecting Results of Operations

Loan Assets Performance

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

Our total loan assets have historically had a higher level of arrears than the total loan assets of banks and other mortgage lending companies, due in part to the irregular incomes or cash flows, respectively, of our retail customers and commercial customers and in part to a higher percentage of our customers having an impaired credit history. At the onset of the deterioration of the economic climate in 2008, our loan arrears increased. Since then, we have increased our focus on the affordability assessment, introducing enhanced controls including higher expenditure default levels and higher buffer levels within the retail income and expenditure assessment. Due to the introduction of such measures, there has been an improvement in the credit quality of the customers to whom we have lent since 2008. As a result, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) have decreased from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015. Since the onset of the global financial crisis, high street lenders have not been lending to certain additional types of applicant pools, which has allowed us to improve the credit quality of our new business.

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

Should a customer default on an account and our collection and forbearance measures prove to be unsuccessful, we may assist the customer in selling the property or undertake a repossession or LPA receivership. Our policy of lending at low LTVs increases the likelihood of achieving a full recovery and minimizes potential losses that we may incur. Notwithstanding the contractual arrears position of our total loan assets, due to our focus on loan affordability at origination, our conservative LTV approach to lending and our proactive collections management and processes, our actual credit losses were minimal prior to 2008 and subsequently, despite the economic downturn since 2008, principal losses have remained relatively low at no more than 0.8% of our total loan assets in each of the years between 2008 and 2017, averaging at 0.4% over this period. For loans originated since January 2011 the Company has crystalized principal losses of £0.1 million on £4.1 billion of loan originations. In stress testing our loan portfolio and the Borrower Group's loan portfolio as of September 30, 2017, a 20% decline to indexed valuations on a loan by loan analysis would result in additional negative equity exposure of £20.0 million and £19.3 million, respectively.

Macroeconomic Conditions

Our business is impacted by general business and economic conditions in the United Kingdom. For example, the fall in sterling following the Brexit referendum has increased consumer inflation, and in an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact our levels

of arrears. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the economic environment in the United Kingdom could have a material adverse effect on our business, results of operations and financial condition*." At the onset of the deterioration of the economic climate in 2008, our loan arrears increased. Since January 2009, our loan arrears have stabilized and from January 2011 have been steadily decreasing. Our contractual arrears greater than one month's contractual installment as a proportion of our loan portfolio, calculated by value have decreased from 19.8% as of June 30, 2014, 13.7% as of June 30, 2015, pursuant to UK GAAP, and 10.3% as of June 30, 2016, 8.6% as of June 30, 2017 and 8.5% as of September 30, 2017, pursuant to IFRS. A large proportion of the contractual arrears consists of customers who are making regular payments in line with agreed payment plans. As of September 30, 2017, 60.0% of contractual arrears were performing arrears loans, in respect of which arrears are equal to or less than three months' contractual installments or within the prior three months, 90% or more of contractual installments due had been received.

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

Our results of operations are also affected by changes in prevailing interest rates in the United Kingdom. An increase in prevailing interest rates increases the cost of servicing some of our borrowings. Although our total loan assets consists primarily of variable rate mortgage loans and we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. An increase in interest rates can also adversely affect the credit quality of the customers to whom we lend and our loan origination volumes as loans become less attractive to customers. See "*—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk*." In addition, inflation can negatively impact household incomes which could, in turn, decrease the demand for our loans, decrease loan redemption levels, increase loan delinquency rates and increase loan losses. See "*Risk Factors—Risks Relating to Our Business—The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations*."

Property Market

Our business is impacted by levels of activity in the property market as well as property prices, both of which are influenced by, among other things, general business and economic conditions, including as a result of Brexit, which has led to heightened uncertainty. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the mortgage market in the United Kingdom may materially affect our business, results of operations and financial condition*" and "*Risk Factors—Risks Relating to Our Business—The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations*." Growing levels of activity in the property market (independent of property prices) are likely to increase demand for our mortgage loans, and, conversely, lower levels of activity are likely to reduce demand. Levels of activity in the property market may be impacted by various economic, regulatory and fiscal factors. For instance, in recent years the UK Government has announced changes to the tax treatment and stamp tax duty with respect to buy-to-let investments which may negatively affect levels of activity in that particular market. In 2017, the UK Government announced a change to the tax treatment of stamp duty with respect to first-time home buyers which may positively affect the levels of activity in the housing market. See "*Risk Factors—Risks Relating to Our Business—The initiatives of the UK Government related to the buy-to-let market may adversely affect our business, results of operation and financial condition.*"

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

Property prices also impact the LTV of our loans. As property prices increase, the amount of equity that mortgage borrowers hold in their property increases, and as property prices decrease, equity levels also decrease. For instance, the three main house price indices, Halifax, Nationwide Building Society and HM Land Registry respectively reported that average house prices for the UK have increased 2.6%, 3.1% and 4.9% in the year to

June 2017 as a whole, though there is variation regionally. See "*Industry—The UK Mortgage Market*." 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, inter alia, loan offerings and interest rates, fee competition, underwriting criteria, convenience and customer service, marketing and distribution channels. See "Risk Factors—Risks Relating to Our Business—We face competition from other mortgage lenders that could materially adversely affect us." Competition levels could impact the acquisition cost of obtaining business along with the interest rates and fees that we can charge for our mortgage loans as well as the credit quality of the customers to which we lend. During the most recent global financial crisis, the number of competitors in our market segments decreased considerably, thereby allowing us to strengthen our margins. The economic environment has since improved and certain competitors have re-entered our market segments, alongside with new competitors, which has resulted in a reduction in yields on our new mortgage loans. Margin compression has, however, partially been mitigated as our cost of debt funding has also decreased. In addition, in the past couple of years, we have been able to enter additional niche market segments, which are no longer served by other lenders, in particular by high street lenders. We believe our established position in the market, our distribution channels, people, systems and governance, and our strong financial results support our competitive position.

Funding

We currently fund our total loan assets from cash provided by operations, shareholder funding, the 2021 Notes and 2024 Existing Notes, the Revolving Credit Facility and the Securitizations. The volume of loans we are able to originate is limited in part by the amount of funding available to us. If we are unable to secure cost effective financing arrangements in the future, we may not be able to increase the number of mortgage loans we would like to originate as part of our growth strategy or maintain the existing level of our total loan assets. See "*Risk Factors—Risks Relating to Our Business—Our business relies in part on bank financing to fund mortgage loans. If one of our financings is terminated or is not renewed in whole or in part, we may be unable to find replacement financing on commercially favorable terms, or at all, which could have a material adverse effect on our business, results of operations and financial condition*."

Regulatory Considerations

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

Critical Accounting Policies

Interest Income and Expense

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

Fee and Commission Income and Expense

Fees and commissions which are an integral part of the EIR of a financial instrument are recognized as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the EIR are generally recognized on an accruals basis when the service has been provided.

Fees and commissions expense consists primarily of legal and valuations fees and credit search fees.

Impairment of Financial Assets

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

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original EIR. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognized in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, we use our experienced judgment to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgments and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related allowance for impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

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

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

Description of Statement of Comprehensive Income Items

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

Interest Receivable and Similar Income

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

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

Interest Payable and Similar Charges

Interest payable and similar charges consist of interest payable on borrowings (including the 2021 Notes and 2024 Existing Notes, the 2018 Notes, the Securitizations, the Revolving Credit Facility, the Original Subordinated Shareholder Loan Notes and other indebtedness).

Interest payable and similar charges also include amortization of the debt issuance costs in relation to the Revolving Credit Facility, the 2021 Notes and 2024 Existing Notes, the 2018 Notes and the Securitizations.

Fee and Commission Income

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

Fee and Commission Expense

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

Other Income

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

Other Gains/(Losses)

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

Administrative Expenses

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

Impairment Losses

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

Taxation

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

Other Financial Information (Non-IFRS)

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

EBITDA

EBITDA are profit after taxation before income tax, amortization and depreciation, negative goodwill and interest payable and similar charges. EBITDA margin is calculated as EBITDA divided by the sum of interest receivable and similar income, fees and commissions received. Underlying EBITDA reflects EBITDA excluding the effects of exceptional items related to the Exit Transactions.

EBITDA-based measures are not measurements of financial performance pursuant to IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Our management believes that the presentation of EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies. The calculation of EBITDA in this offering memorandum may be different than the calculation of EBITDA under the Indenture. See "*Presentation of Financial and Other Information.*" For a reconciliation of profit on ordinary activities to EBITDA, please see footnote 6 to the IFRS financial information presented in "*Summary Historical Financial Information.*"

Results of Operations

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2017

The table below sets forth certain statement of comprehensive income data for the three months ended September 30, 2016 and 2017.

	Three Months Ended September 30,		Percentage change
	2016	2017	
	(£ in millions)		(%)
Interest receivable and similar income	58.3	68.0	16.8
Interest payable and similar charges	(32.5)	(21.1)	(34.9)
Net interest income	25.8	46.9	81.8
Fee and commission income	1.1	1.1	4.5
Fee and commission expense	(0.5)	(0.5)	7.8
Other income	—	—	—
Other gains / (losses)	—	0.3	—
Operating income	26.4	47.8	80.9
Administrative expenses (excluding depreciation and amortization)	(10.7)	(14.5)	34.3
Depreciation and amortization	(0.4)	(0.7)	46.8
Operating profit	15.2	32.6	115.1
Impairment losses	(2.1)	(1.6)	(20.2)
Profit before negative goodwill	13.1	31.0	136.3
Negative goodwill	—	—	—
Profit before taxation	13.1	31.0	136.3
Income tax	(2.6)	(4.4)	67.2
Profit after taxation	10.5	26.6	153.6
EBITDA	46.1	52.8	14.7
EBITDA margin(%)	77.6%	76.4%	(1.2)

Interest Receivable and Similar Income

Interest receivable and similar income in the three months ended September 30, 2017 was £68.0 million compared to £58.3 million in the three months ended September 30, 2016, an increase of £9.8 million or 16.8%, primarily due to an increase in the size of our average total loan assets to £2,305.1 million from £1,828.0 million, or 26.1%, offset by a reduction in our interest yield from 12.7% to 11.8%. The reduction in the annualized interest yield was primarily due to a reduction in nominal rates on new loans originated in the period and the redemption of older loans underwritten at higher nominal rates.

Interest Payable and Similar Charges

Interest payable and similar charges in the three months ended September 30, 2017 was £21.1 million compared to £32.5 million in the three months ended September 30, 2016, a decrease of £11.4 million or 34.9%. This is principally due to exceptional costs of £14.5 million associated with the Refinancing which took place in October 2016 but for which costs were recognised in the three months ended September 30, 2016. Interest payable, after adjusting for costs associated with the Refinancing in the three months ended September 30, 2016 was £18.0 million, resulting in a comparative increase of £3.1 million or 17.5% in the three months ended September 30, 2017, principally due to an increase in debt levels to support the growth of our loan book, partially offset by a reduction in our weighted average interest rate payable on our debt facilities.

Net Interest Income

Net interest income in the three months ended September 30, 2017 was £46.9 million compared to £25.8 million in the three months ended September 30, 2016, an increase of £21.1 million or 81.8%, for the reasons described above. Net interest income, after adjusting for exceptional items of £14.5 million associated with the Refinancing in the three months ended September 30, 2016 was £40.3 million, resulting in a comparative increase of £6.6 million or 16.4% in the three months ended September 30, 2017.

Fee and Commission Income

Fee and commission income has remained unchanged at £1.1 million in the three months ended September 30, 2017 compared with the three months ended September 30, 2016.

Fee and Commission Expense

Fee and commission expense has remained unchanged at £0.5 million in the three months ended September 30, 2017 compared with the three months ended September 30, 2016.

Operating Income

Operating income in the three months ended September 30, 2017 was £47.8 million compared to £26.4 million in the three months ended September 30, 2016. Adjusting for exceptional items associated with the Refinancing, operating income in the three months ended September 30, 2016 was £40.9 million, resulting in a comparative increase of £6.9 million or 16.8% in the three months ended September 30, 2017, for the reasons described above.

Administrative Expenses

Administrative expenses in the three months ended September 30, 2017 were £14.5 million compared to £10.7 million in the three months ended September 30, 2016, an increase of £3.8 million or 34.3%. The increase relates primarily to a rise in headcount from 489 as of September 30, 2016 to 631 as of September 30, 2017 to support increases in new business growth and future growth ambitions, including continued investment in our support functions (including our second line of defense) and a number of additional senior appointments.

Depreciation and Amortization

Depreciation and amortization in the three months ended September 30, 2017 was £0.7 million compared to £0.5 million in the three months ended September 30, 2016, an increase of £0.2 million or 46.8%. The increase in depreciation and amortization is a result of ongoing investment in IT infrastructure and software development.

Operating Profit

Operating profit in the three months ended September 30, 2017 was £32.6 million compared to £15.2 million in the three months ended September 30, 2016, an increase of £17.4 million or 115.1%, for the reasons described above. Adjusting for exceptional items associated with the Refinancing of £14.5 million, operating profit in the three months ended September 30, 2016 was £29.7 million, resulting in a comparative increase of £2.9 million or 10.0% in the three months ended September 30, 2017.

Impairment Losses

Impairment losses in the three months ended September 30, 2017 were £1.6 million, compared to £2.1 million in the three months ended September 30, 2016, a decrease of £0.5 million or 20.2%, reflecting the continual improvement in the credit quality of our loan book and improved collections.

The annualized ratio of impairment losses to our average total loan assets has decreased to 0.3% in the three months ended September 30, 2017 from 0.5% in the three months ended September 30, 2016.

Profit Before Taxation

Profit before taxation in the three months ended September 30, 2017 was £31.0 million compared to £13.1 million in the three months ended September 30, 2016, an increase of £17.9 million or 136.3%, for the

reasons described above. Adjusting for exceptional items associated with the Refinancing of £14.5 million, profit before taxation in the three months ended September 30, 2016 was £27.6 million, resulting in a comparative increase of £3.4 million or 12.3% in the three months ended September 30, 2017 for the reasons described above.

Income Tax

Income tax charge in the three months ended September 30, 2017 was £4.4 million compared to £2.6 million in the three months ended September 30, 2016, an increase of £1.8 million or 67.2%, primarily due to increased profit levels. The effective tax rate has fallen from 20% in the three months ending September 30, 2016 to 14.1% in the three months ending September 30, 2017, primarily due to the utilization of group tax relief in respect of the parent companies of Together Financial Services Limited.

Profit after Taxation

Profit after taxation in the three months ended September 30, 2017 was £26.6 million compared to £10.5 million in the three months ended September 30, 2016, an increase of £16.1 million or 153.6%, for the reasons described above.

EBITDA

EBITDA in the three months ended September 30, 2017 was £52.8 million compared to £46.1 million in the three months ended September 30, 2016, an increase of £6.7 million or 14.7%, for the reasons described above. EBITDA margin in the three months ended September 30, 2017 was 76.4% compared to 77.6% in the three months ended September 30, 2016, for the reasons described above.

Year Ended June 30, 2016 Compared with the Year Ended June 30, 2017

The table below sets forth certain statement of comprehensive income data for the year ended June 30, 2016 and 2017.

	Year Ended June 30,		Percentage change
	2016	2017	
	(£ in millions)		(%)
Interest receivable and similar income	210.8	246.5	16.9
Interest payable and similar charges	(67.5)	(88.8)	31.5
Net interest income	143.3	157.7	10.0
Fee and commission income	4.2	4.2	0.4
Fee and commission expense	(1.7)	(2.1)	24.4
Other income	0.2	0.1	6.7
Other gains/(losses)	—	—	—
Operating income	146.0	159.9	9.6
Administrative expenses (excluding depreciation and amortization)	(40.5)	(56.2)	38.7
Depreciation and amortization	(1.4)	(2.2)	61.7
Operating profit	104.1	101.5	(2.4)
Impairment losses	(13.8)	(7.4)	(46.1)
Profit before negative goodwill	90.3	94.1	4.2
Negative goodwill	—	—	—
Profit before taxation	90.3	94.1	4.2
Income tax	(18.5)	(15.9)	(14.6)
Profit after taxation	71.8	78.2	9.1
EBITDA	159.3	185.2	16.3
EBITDA margin(%)	74.1%	73.9%	(0.2)
Underlying EBITDA	159.3	193.4	21.4
Underlying EBITDA margin(%)	74.1%	77.1%	3.0

Interest Receivable and Similar Income

Interest receivable and similar income in the year ended June 30, 2017 was £246.5 million compared to £210.8 million in the year ended June 30, 2016, an increase of £35.7 million or 16.9%, primarily due to an

increase in the size of our average total loan assets at £2,020.8 million from £1,612.1 million, or 25.4%, offset by a reduction in our interest yield from 13.1% to 12.2%. The reduction in the interest yield was primarily due to a reduction in nominal rates on new loans originated in the period and the redemption of older loans underwritten at higher nominal rates.

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2017 was £88.8 million compared to £67.5 million in the year ended June 30, 2016, an increase of £21.3 million or 31.5%. This is principally due to exceptional costs of £14.8 million associated with the Refinancing in the year ended June 30, 2017 (of which £14.5 million was recognised in the month of September 2016 and £0.3 million in the month of October 2016). Interest payable and similar charges, after adjusting for costs associated with the Refinancing in the year ended June 30, 2017, was £74.0 million, an increase of £6.5 million or 9.6% compared to the year ended June 30, 2017, principally due to an increase in debt levels to support the growth of our loan book, partially offset by a reduction in our weighted average interest rate payable on our debt facilities.

Net Interest Income

Net interest income in the year ended June 30, 2017 was £157.7 million compared to £143.3 million in the year ended June 30, 2016, an increase of £14.4 million or 10.0%, for the reasons described above. Net interest income, after adjusting for the exceptional items of £14.8 million associated with the Refinancing in the year ended June 30, 2017, was £172.4 million, an increase of £29.1 million or 20.3%, compared to the year ended June 30, 2016.

Fee and Commission Income

Fee and commission income has remained unchanged at £4.2 million in the year ended June 30, 2017 compared with the year ended June 30, 2016.

Fee and Commission Expense

Fee and commission expense in the year ended June 30, 2017 was £2.1 million compared to £1.7 million in the year ended June 30, 2016, an increase of 24.4%. This is primarily due to an increase in valuation fees on new originations and title insurance as a result of an increase in loan underwriting.

Operating Income

Operating income in the year ended June 30, 2017 was £159.9 million compared to £146.0 million in the year ended June 30, 2016. Adjusting for the exceptional items associated with the Refinancing, operating income in the year ended June 30, 2017 was £174.7 million, an increase of £28.7 million or 19.7% compared to the year ended June 30, 2016, for the reasons described above.

Administrative Expenses

Administrative expenses in the year ended June 30, 2017 were £56.2 million compared to £40.5 million in the year ended June 30, 2016, an increase of £15.7 million or 38.7%. The increase includes £8.2 million of exceptional items associated with the Exit Transactions, primarily due to the crystallization of the Staff Incentive Plan. Adjusting for exceptional items associated with the Exit Transactions, administrative expenses in the year ended June 30, 2017 was £48.0 million, an increase of £7.5 million or 18.4% compared to the year ended June 30, 2016. This is primarily due to costs associated with the increasing headcount from 467 employees as of June 30, 2016 to 599 employees as of June 30, 2017 to support increases in new business growth, including the full impact of the new board appointments made over the last two years, additional senior appointments and continued investment in our support functions (including our second line of defense).

Depreciation and Amortization

Depreciation and amortization in the year ended June 30, 2017 was £2.2 million compared to £1.4 million in the year ended June, 2016, an increase of £0.8 million or 61.7%. The increase in depreciation and amortization is a result of investment in IT infrastructure and software development.

Operating Profit

Operating profit in the year ended June 30, 2017 was £101.5 million compared to £104.1 million in the year ended June 30, 2016, a decrease of £2.6 million or 2.4%, for the reasons described above. Adjusting for the exceptional items associated with the Refinancing and Exit Transactions of £23.0 million, operating profit in the year ended June 30, 2017 was £124.5 million, an increase of £20.4 million or 19.6% compared to the year ended June 30, 2016.

Impairment Losses

Impairment losses in the year ended June 30, 2017 were £7.4 million, compared to £13.8 million in the year ended June 30, 2016, a decrease of £6.4 million or 46.1%. The reduction in impairment losses is primarily due to improvements in our collections and recoveries which resulted in beneficial changes made to default assumptions that were made in the year June 30, 2017 related to the time accruing to dispose of certain loan securities. As a result, we released certain impairment losses. In the year ended June 30, 2016, our allowances for provisions for forbearance were higher than in the year ended June 30, 2017.

The ratio of impairment losses to our average total loan assets has decreased to 0.4% in the year ended June 30, 2017 from 0.9% in the year ended June 30, 2016.

Profit Before Taxation

Profit before taxation in the year ended June 30, 2017 was £94.1 million compared to £90.3 million in the year ended June 30, 2016, an increase of £3.8 million or 4.2%, for the reasons described above. Adjusting for the exceptional items associated with the Refinancing and Exit Transactions of £23.0 million, profit before tax was £117.1 million, an increase of £26.8 million or 29.6% compared to the year ended June 30, 2016 for the reasons described above.

Income Tax

Income tax charge in the year ended June 30, 2017 was £15.9 million compared to £18.5 million in the year ended June 30, 2016, a reduction of £2.7 million or 14.6%. The effective tax rate fell from 20.5% in the year ended June 30, 2016 to 16.8% in the year ended June 30, 2017 primarily due to the utilisation of group tax relief in respect of the parent companies of Together Financial Services Limited.

Profit after Taxation

Profit after taxation in the year ended June 30, 2017 was £78.2 million compared to £71.8 million in the year ended June 30, 2016, an increase of £6.4 million or 9.1%, for the reasons described above.

EBITDA

EBITDA in the year ended June 30, 2017 was £185.2 million compared to £159.3 million in the year ended June 30, 2016, an increase of £25.9 million or 16.3%, for the reasons described above. EBITDA margin in the year ended June 30, 2017 was 73.9% compared to 74.1% in the year ended June 30, 2016 for the reasons described above.

Underlying EBITDA in the year ended June 30, 2017 was £193.4 million adjusted for exceptional items associated with the Exit Transactions of £8.2 million. Underlying EBITDA margin in the year ended June 30, 2017 was 77.1%.

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

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

	Year Ended June 30,		Percentage change
	2015	2016	
	(£ in millions)		*(%)*
Interest receivable and similar income	164.4	210.8	28.2
Interest payable and similar charges	(52.3)	(67.5)	29.2
Net interest income	112.1	143.3	27.8
Fee and commission income	4.0	4.2	4.2
Fee and commission expense	(1.3)	(1.7)	21.9
Other income	0.5	0.2	(74.9)
Other losses	(0.5)	—	—
Operating income	114.8	146.0	27.1
Administrative expenses (excluding depreciation and amortization)	(31.7)	(40.5)	27.6
Depreciation and amortization	(1.0)	(1.4)	44.1
Operating profit	82.1	104.1	26.7
Impairment losses	(7.5)	(13.8)	83.6
Profit before negative goodwill	74.6	90.3	21.0
Negative goodwill	0.2	—	—
Profit before taxation	74.8	90.3	20.8
Income tax	(16.1)	(18.5)	15.9
Profit after taxation	58.7	71.8	22.2
EBITDA	127.9	159.3	24.5
EBITDA margin(%)	75.9%	74.1%	(1.8)

Interest Receivable and Similar Income

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

Interest Payable and Similar Charges

Interest payable and similar charges in the year ended June 30, 2016 was £67.5 million compared to £52.3 million in the year ended June 30, 2015, an increase of £15.2 million or 29.2%. This is largely due to an increase in debt levels to support the growth of our loan book.

Net Interest Income

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

Fee and Commission Income

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

Fee and Commission Expense

Fee and commission expense in the year ended June 30, 2016 was £1.7 million compared to £1.3 million in the year ended June 30, 2015, an increase of 21.9%. This is primarily due to an increase in title insurance costs as the level of new loan origination has increased.

Operating Income

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

Administrative Expenses

Administrative expenses in the year ended June 30, 2016 were £40.5 million compared to £31.7 million in the year ended June 30, 2015, an increase of £8.8 million or 27.6%. The increase is primarily due to costs associated with the increasing headcount from 389 employees as of June 30, 2015 to 467 employees as of June 30, 2016 to support new business growth and included a £1.2 million charge in relation to the Management Incentive Plan, not previously recognized. Marketing costs also contributed to the increase in administrative expenses due to the costs associated with the launch and promotion of our new brand "Together."

Depreciation and Amortization

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

Operating Profit

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

Impairment Losses

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

The ratio of impairment losses to our average total loan assets has increased slightly to 0.9% in the year ended June 30, 2016 from 0.6% in the year ended June 30, 2015.

Profit Before Taxation

Profit before taxation in the year ended June 30, 2016 was £90.3 million compared to £74.8 million in the year ended June 30, 2015, an increase of £15.6 million or 20.8%, for the reasons described above.

Income Tax

Income tax charge in the year ended June 30, 2016 was £18.5 million compared to £16.1 million in the year ended June 30, 2015, an increase of £2.6 million or 15.9%, due to a growth in profit levels, which was partially offset by the reduction in the effective tax rate from 21.4% to 20.5% due to the UK rate of corporation tax reducing from 21.0% to 20.0% in April 2015.

Profit after Taxation

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

EBITDA

EBITDA in the year ended June 30, 2016 was £159.3 million compared to £127.9 million in the year ended June 30, 2015, an increase of £31.4 million or 24.5%, for the reasons described above. EBITDA margin in the year ended June 30, 2016 was 74.1% compared to 75.9% in the year ended June 30, 2015 for the reasons described above.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, other commitments, contractual obligations and acquisitions. Liquidity risk is the risk that we would be unable to meet our current and future financial obligations as they fall due or can do so only at excessive cost. Our primary sources of liquidity have included cash from operating activities, the Securitizations, the 2021 Notes and 2024 Existing Notes and the 2024 Additional Notes and the Revolving Credit Facility. Our liquidity requirements arise primarily to fund our loan originations, to meet our debt services obligations and to meet our operating costs.

As of September 30, 2017, we had cash balances of £80.3 million, of which £64.1 million was held in Securitizations consisting of £40.9 million, £10.4, £5.3 and £7.5 million held at Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS respectively. Of the £64.1 million, £32.6 million, was unrestricted cash, with the remaining £31.5 million being restricted as part of the Securitizations.

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 Cash Receipts can have significant monthly variations, Cash Receipts tend to be stable and reasonably predictable over an extended period of time.

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

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

Following the offering of the 2024 Additional Notes and the use of proceeds therefrom, our debt service obligations will consist primarily of interest payments on the 2021 Notes and 2024 Existing Notes, the 2024 Additional Notes, the loan notes issued in connection with the CABS Securitization and LABS Securitization, the facilities related to the DABS Securitization and the Rated TABS Notes. 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 2024 Additional Notes or other debt when due. If our cash flow from operating activities is lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and the cost of our current and future debt obligations depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, and capital markets, restrictions in instruments governing our debt, and our general financial performance. See "*Risk Factors—Risks Relating to the 2024 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 2024 Notes—We will require a significant amount of cash to service the Notes and our other debt. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate sufficient cash to service our debt*."

Cash Flows

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

	For the year ended June 30,			For the three months ended September 30,		For the twelve months ended September 30,
	2015	2016	2017	2016	2017	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(IFRS) *(£ in millions)*		
Net cash outflow from operating activities	(300.4)	(302.6)	(356.2)	(38.7)	(108.6)	(426.1)
Net cash outflow from investing activities	(1.8)	(3.9)	(3.3)	(0.9)	(1.7)	(4.1)
Net cash inflow from financing activities	298.1	304.2	376.3	41.9	109.2	443.6
Net (decrease)/ increase in cash and cash equivalents	(4.1)	(2.3)	16.8	2.3	(1.1)	13.4

Twelve Months ended September 30, 2017

Our net cash outflow from operating activities was £426.1 million for the twelve months ended September 30, 2017. Our cash flows from operations were £323.4 million primarily consisting of movements in the gross loan book, prepayments and accruals. The servicing of financing arrangements of £86.9 million, consisting of interest paid on the 2018 Notes, the 2021 Notes, the 2024 Existing Notes, the Conduit Securitizations, the Revolving Credit Facility and certain debt issuance costs. Outflows related to the servicing of financing arrangements included £15.1 million of exceptional items paid in connection with the Refinancing. Our net cash outflow from operating activities also included tax-related payments of £15.7 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £4.1 million for the twelve months ended September 30, 2017 incurred largely in connection with ongoing investment in IT infrastructure and software development net of proceeds of £1.2 million received on sale of shares held by the employee benefit trust ("EB Trust") in connection with the Exit Transactions.

Our net cash inflow from financing activities was £443.6 million for the twelve months ended September 30, 2017, consisting primarily of the £375 million proceeds from the issuance of the 2021 Notes (which included the refinancing £300 million of the 2018 Notes, as well the £4.4 million release of the 2018 Notes issue premium), the incurrence of £68.1 million of Subordinated Shareholder Funding (refinancing £60.0 million of Original Subordinated Shareholder Loan Notes), the £29.0 million repayment of the Revolving Credit Facility, £200 million proceeds from the issuance of the 2024 Existing Notes, £261.3 million proceeds from the issue of the Rated TABS Notes, a drawdown of £70.0 million of the DABS securitization, a £70.0 million reduction in the drawn balance of the CABS securitization, a £55.0 million reduction in the drawn balance of the LABS securitization, and £12.5 million payment of PIK Note dividend to our parent company in order to service the PIK Note interest in May 2017.

Our increase in cash in the twelve months ended September 30, 2017 was £13.4 million for the reasons stated above.

Three Months ended September 30, 2017

Our net cash outflow from operating activities was £108.6 million for the three months ended September 30, 2017. Our cash flows from operations were £79.4 million primarily consisting of movements in the gross loan book, prepayments and accruals. Our net cash outflow from operating activities also included £25.6 million related to the servicing of financing arrangements consisting of interest paid on the 2021 Notes, 2024 Existing Notes, the Conduit Securitizations, the Revolving Credit Facility and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £3.6 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £1.7 million for the three months ended September 30, 2017 incurred largely in connection with the acquisition of property, plant and equipment as well as the ongoing investment in the IT infrastructure and software development.

Our net cash inflow from financing activities was £109.2 million for the three months ended September 30, 2017, consisting primarily of the £261.3 million proceeds from the issue of the Rated TABS Notes, £135.0 million reduction in the drawn balance of the CABS Securitization, a £25.0 million reduction in the drawn balance of the LABS Securitization and a £8.0 million reduction in cash held within the Conduit Securitizations.

Our decrease in cash in the three months ended September 30, 2017 was £1.1 million for the reasons stated above.

Three Months ended September 30, 2016

Our net cash outflow from operating activities was £38.7 million for the three months ended September 30, 2016. Our cash flows from operations were £9.1 million primarily consisting of movements in the gross loan book, prepayments and accruals. Our net cash outflow from operating activities also included £24.5 million related to the servicing of financing arrangements consisting of interest paid on the Revolving Credit Facility, the 2018 Notes, the Conduit Securitizations, the Original Subordinated Shareholder Loan Notes and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £5.1 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £0.9 million for the three months ended September 30, 2016 incurred largely in connection with ongoing investment in IT infrastructure and software development.

Our net cash inflow from financing activities was £41.9 million for the three months ended September 30, 2016, consisting of a £30.0 million draw down on the CABS Securitization facility and an £11.8 million reduction in cash held within the Conduit Securitizations.

Our increase in cash in the three months ended September 30, 2016 was £2.3 million for the reasons stated above.

Year ended June 30, 2017

Our net cash outflow from operating activities was £356.2 million in the year ended June 30, 2017. Our cash flows from operations were £253.1 million consisting of movements in the gross loan book, prepayments and accruals. The servicing of financing arrangements of £85.9 million, consisting of interest paid on the 2018 Notes, the 2021 Notes, the Conduit Securitizations, the Revolving Credit Facility, the Original Subordinated Shareholder Loan Notes and certain debt issuance costs. Outflows related to the servicing of financing arrangements included £15.1 million of exceptional items paid in connection with the Refinancing. Our net cash outflow from operating activities also included tax-related payments of £17.2 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £3.3 million for the year ended June 30, 2017, incurred largely in connection with expenditure on computer software equipment and fixtures and fittings and net of proceeds from the sale of vehicles, net of £1.2 million received on sale of shares held by the employee benefit trust (“EB Trust”) in connection with the Exit Transactions.

Our net cash inflow from financing activities was £376.3 million for the year ended June 30, 2017, consisting primarily of the £375 million proceeds from the issuance of the 2021 Notes (which include the refinancing £300 million of 2018 Notes as well the £4.4 million release of the 2018 Notes issue premium), the incurrence of £68.1 million of Subordinated Shareholder Funding (refinancing £60.0 million of Original Subordinated Shareholder Loan Notes), the £29.0 million repayment of the Revolving Credit Facility, £200 million proceeds from the issuance of the 2024 Existing Notes, a £95.0 million draw down of the CABS Securitization, a draw down of £70.0 million of the DABS securitization, a £30.0 million reduction in the drawn balance of the LABS securitization, £12.5 million payment of PIK Note dividend to our parent company in order to service the PIK Notes interest in May 2017 and a £3.8 million reduction in cash held within the Conduit Securitizations.

Our increase in cash in the year ended June 30, 2017 was £16.8 million for the reasons stated above.

Year ended June 30, 2016

Our net cash outflow from operating activities was £302.6 million in the year ended June 30, 2016. Our cash flows from operations were £214.8 million consisting of movements in the gross loan book, prepayments and accruals. The servicing of financing arrangements of £71.1 million, consisting of interest paid on the Revolving Credit Facility, the Conduit Securitizations, the 2018 Notes, the Original Subordinated Shareholder Loan Notes and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £16.7 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £3.9 million for the year ended June 30, 2016 incurred largely in connection with expenditures on computer software equipment and fixtures and fittings and net of proceeds from the sale of vehicles.

Our net cash inflow from financing activities was £304.2 million for the year ended June 30, 2016, consisting primarily of a draw down of £125.0 million of the CABS Securitization, a draw down of £200.0 million on the LABS Securitization and an increase in the Revolving Credit Facility of £29.0 million, offset by a £46.4 million increase in cash held within the Conduit Securitizations with a £1.8 million reallocation of cash outflows from servicing of financing arrangements in connection with the issue premium on the 2018 Notes.

Our decrease in cash in the year ended June 30, 2016 was £2.3 million for the reasons stated above.

Year ended June 30, 2015

Our net cash outflow from operating activities was £300.4 million in the year ended June 30, 2015. Our cash flows from operations were £238.5 million consisting of movements in the gross loan book, prepayments and accruals. The servicing of finance of £49.3 million consisting of interest paid on the Revolving Credit Facility, the Conduit Securitizations, the 2018 Notes, the Original Subordinated Shareholder Loan Notes and certain debt issuance costs. Our net cash outflow from operating activities also included tax-related payments of £12.5 million, consisting primarily of corporation tax charges.

Our net cash outflow from investing activities was £1.8 million for the year ended June 30, 2015 incurred largely in connection with expenditures on computer software equipment and fixtures and fittings and net of proceeds from the sale of vehicles and certain investments.

Our net cash inflow from financing activities was £298.1 million for the year ended June 30, 2015, consisting primarily of a draw down of £225.0 million of the CABS Securitization, the issuance of £100.0 million of additional 2018 Notes and the associated issue premium amounting to £8.5 million, which were partially offset by a £35.0 million reduction in the Revolving Credit Facility.

Our decrease in cash in the year ended June 30, 2015 was £4.1 million for the reasons stated above.

Capital Resources

Following the offering of the 2024 Additional Notes and the use of proceeds therefrom, our principal sources of funds are expected to be cash provided by operations and amounts available through the Conduit Securitizations and the Revolving Credit Facility.

The Conduit Securitizations consist of three securitizations programs for certain of our mortgage and commercial loans. In connection with the Conduit Securitizations, Charles Street ABS, Lakeside ABS and Delta ABS, the bankruptcy-remote special purpose vehicles established for purposes of each of the Conduit Securitizations, purchase certain mortgage loans from certain of our operating subsidiaries. Charles Street ABS Lakeside ABS and Delta ABS, as applicable, finance these purchases from borrowings funded through the issuance of notes under a note issuance facility. The amounts outstanding under the CABS Securitization and the LABS Securitization must be each repaid in January 2021. The balance of any funding requirements will be provided through the issuance of subordinated subscription notes by Charles Street ABS and Lakeside ABS, as applicable, to the Borrower Group. The DABS Securitization expires in January 2021.

The variable funding notes outstanding under the CABS Securitization and the LABS Securitization at September 30, 2017 amounted to £720.0 million and £145.0 million, respectively. As of September 30, 2017, the loans outstanding under the DABS Securitization amounted to £70.0 million. Total commitments available under the CABS Securitization and the LABS Securitization and the DABS Securitization credit facility are £1,000.0 million, £255.0 million and £90.0 million, respectively.

As consideration for the mortgage loans, Charles Street ABS, Lakeside ABS and Delta ABS, as applicable, pays the Borrower Group the full principal amount of the loans at the time of the sale and, on a monthly basis thereafter, deferred consideration equal to the net interest received after deducting costs of funding and expenses.

Capital Expenditures

In the twelve months to September 30, 2017, we continued to make investments to further upgrade our IT software and our IT hardware. As part of a program to enhance a number of our IT systems in 2014, we engaged with an external contractor for development of software, for which activity also continued through the course of 2015, 2016 and 2017. Such expenditure is capitalized and written off through the profit and loss account over the appropriate period. We plan to fund our future capital expenditures with cash from operating activities. This also includes amounts classified as intangible assets. Intangible assets consist wholly of expenditure relating to the development of our IT systems.

Contractual Obligations and Commercial Commitments

The following table summarizes our material contractual obligations as of September 30, 2017 on a *pro forma* basis after giving effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom and reflecting the amendments of the LABS Securitization which occurred on January 8, 2018, and the related amounts falling due within one year and thereafter.

	Payments due by Period				
	Total	Less than 1 year	1-4 years	4-7 years	More than 7 years
			(£ in millions)		
Contractual obligations[1]					
2024 Additional Notes	150.0	—	—	150.0	—
2024 Existing Notes	200.0	—	—	200.0	—
2021 Notes	375.0	—	375.0	—	—
Loan notes issued by Charles Street ABS[2]	580.0	—	580.0	—	—
Facilities under the DABS Securitization	70.0	—	70.0	—	—
Loan notes issued by Together ABS[3]	261.3	38.2	223.1	—	—
Loan notes issued by Lakeside ABS[4]	145.0	—	145.0	—	—
Revolving Credit Facility	—	—	—	—	—
Operating Lease[5]	10.2	1.1	3.2	3.2	2.7
Finance Leases	0.5	0.2	0.3	—	—
Total contractual obligations	**1,792.0**	**39.5**	**1,396.6**	**353.2**	**2.7**

(1) Excludes the drawing of an additional £175.0 million under the CABS Securitization and an additional £45.0 million under the LABS Securitization since September 30, 2017.

(2) Amounts falling due under loan notes issued by Charles Street ABS are based upon the final repayment date of January 2021. See "*Description of Certain Financing Arrangements—Securitizations—CABS Securitization*." Reflects CABS Securitization balance on a *pro forma* basis following the offering of the 2024 Additional Notes and the use of proceeds therefrom.

(3) Reflects the expected amortization of principal for the Rated TABS Notes which has been profiled using the anticipated constant prepayment rate at inception of the facility of 15%.

(4) Lakeside ABS was refinanced on January 8, 2018, extending the maturity period to three years.

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

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk arising from adverse movements in market values, including movements in interest rates.

We do not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor do we engage in any treasury trading operations. We also have no foreign currency exposure. We are only exposed to foreign exchange risk in relation to the Conduit Securitizations, which may be funded, in part, in the U.S. and Euro commercial paper markets. The main market risk we face is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates.

Interest Rate Risk

We are subject to interest rate risk in relation to our debt service obligations. Our total loan assets consists primarily of variable rate mortgage loans. With the exception of the Notes, our sources of funding are likewise

subject to monthly movements in interest rates. Although we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs.

As of September 30, 2017, we had £1,196.3 million of debt subject to variable interest rates. As of September 30, 2017, on a *pro forma* basis after giving effect to the offering of the 2024 Additional Notes and the use of proceeds therefrom, we would have had £1,056.3 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 offering of the 2024 Additional Notes and the use of the proceeds therefrom as of September 30, 2017 by £2.6 million per annum.

Interest-rate risk is monitored on a monthly basis, and our profit before taxation and equity are not at material risk from changes in interest rates that are reasonably expected for the next twelve months.

Credit Risk

Credit risk is the risk arising as result of default by customers or counterparties due to failure to honor obligations when they fall due.

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 this risk is driven by both macro-economic factors as well as by factors relating to specific customers, such as a change in the borrower's circumstances.

We manage credit risk through comprehensive underwriting policies and monitoring by the relevant Credit Risk Committees. Credit risk is managed at loan inception, through stringent underwriting policies with regard to affordability levels, creditworthiness, repayment strategies and property loan-to-value ratios, and throughout the life of the loan, through monitoring of arrears levels, proactive collections strategies, application of forbearance measures, and by applying macro-economic sensitivity analysis.

Liquidity and Funding Risk

Liquidity risk is the risk that we are unable to meet our current and future financial obligations as the fall due, or can do so only at excessive cost.

To manage our funding requirements, we use a number of medium to long-term funding sources, combined with a small shorter-term revolving credit facility. Headroom held in such facilities, in combination with cash flows from redemptions, is used to provide a liquidity buffer. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and to enable us to meet all financial obligations and commitments when they fall due

As of September 30, 2017, our funding consisted of the CABS Securitization and DABS Securitization, which expire in 2021, the LABS Securitization, which expires in January 2021, the Revolving Credit Facility, which expires in June 2021.

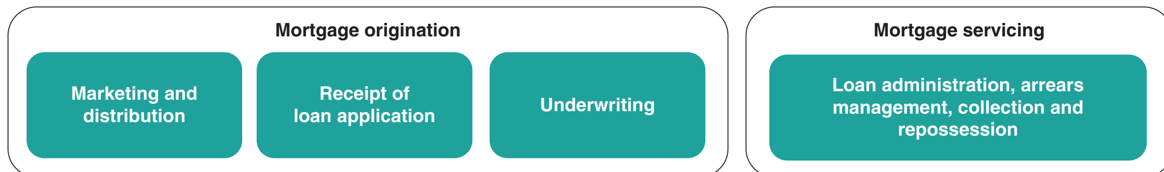
Accounting Treatment of the Securitizations

The bankruptcy-remote special purpose vehicles established for purposes of the Securitizations, are consolidated into our consolidated financial statements as if they were wholly owned subsidiaries due to our group retaining the risks and rewards of ownership. Mortgage loans sold to Charles Street ABS, Lakeside ABS, Delta ABS and the Rated TABS Notes are maintained on our consolidated balance sheet/statement of financial position 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, Lakeside ABS and Delta ABS and the Rated TABS Notes issued to certain lenders or investors, as applicable, to finance its purchase of the loans and any interest and fees accrued but not yet paid in respect thereof are maintained on our balance sheet as liabilities due to creditors with interest and transaction expense expensed through our profit and loss account.

For more information about the accounting treatment of the Securitizations, see note 2 of our consolidated financial statements.

Introduction to Mortgages

A mortgage loan is a loan secured by real property owned by the borrower. When a mortgage loan is entered into, the borrower agrees to repay the principal amount borrowed from the lender, plus interest, calculated according to a stipulated interest rate and accruing over the term of the loan. If the borrower fails to satisfy his agreed repayment obligations, the lender is ultimately entitled to enforce the security over the real property, in order to satisfy the outstanding loan amount due. As illustrated by the chart below, the branding, design and marketing of mortgage loans, credit assessment (also known as mortgage underwriting) and the decision to extend funds to a successful loan applicant are commonly referred to as "mortgage origination," while the management of the loan from disbursement to full repayment is commonly referred to as "mortgage servicing."



Mortgage Origination

Distribution within the mortgage industry is split between business sourced directly (B2C) and business sourced through mortgage brokers (B2B). According to representatives of the Association of Mortgage Intermediaries, as of May 2016, there were an estimated 12,000 brokers with a further 4,000 independent financial advisers writing mortgages occasionally across the United Kingdom. The significant majority of these brokers are either affiliated to a mortgage network (who take responsibility for compliance of their brokers who are classed as Authorised Representatives) or affiliated with mortgage clubs in the case of Directly Authorised brokers who are responsible for their own compliance. Such networks and clubs have approved panel lenders with whom their members can directly source mortgages, sometimes enabling access to preferential products. In addition to brokers affiliated with mortgage networks and mortgage clubs, there is also a smaller number of specialist distributor brokers or, in the case of second charge lending, master brokers who in addition to sourcing loans also package loans. Packaging loans involves pre-loan processing and administration on behalf of mortgage originators, most commonly specialist lenders. These specialist brokers source their origination by marketing directly to the end customers or through other brokers or financial advisers who do not always have direct access to the mortgage originators either directly or through their affiliated mortgage network or club. Many of these specialist distributors and master brokers choose to work with a select panel of lenders, whom they consider provide a good coverage of product offering for the range of their customers' requirements. In addition to FCA regulated brokers, non- FCA regulated brokers, who do not require regulated permissions by virtue of their focus on introducing non-FCA regulated activity, operate in relation to commercial purpose transactions including certain buy to let and bridging loan activity.

Loan applications involve a variety of information submitted by the loan applicant and collected by the lender as a prerequisite for underwriting. The decision to underwrite a mortgage loan requires a detailed credit assessment through which the underwriter will assess the ability of the loan applicant to pay interest and principal when due and the adequacy and value of the property being offered as security of the loan. The underwriting process is based on a variety of parameters including eligibility (such as, *inter alia*, loan to value ratios, credit history requirements, minimum and maximum age, minimum and maximum loans sizes) credit scoring models, affordability assessment, repayment strategy assessments, credit reference and background checks, security valuation and adequacy.

Mortgage Servicing

Mortgage servicing includes management of the loan from disbursement of funds to repayment, including general loan administration and borrower queries, arrears management including forebearance, registration and deregistration of changes, credit agency updates, collection and repossession activities. The services entailed in mortgage origination and mortgage servicing may be either directly undertaken by the mortgage lender or outsourced to third parties. We are a specialist mortgage lender that both originates and services our own mortgage loans All loan portfolio growth has been organic and we undertake all our servicing activity from our head offices.

The UK Mortgage Market

Prior to the global financial crisis, economic conditions, including low interest rates, lower unemployment, easy availability of credit and increasing average earnings helped bolster the mortgage market in the United Kingdom. In the immediate aftermath of the financial crisis, weak economic growth, relatively higher unemployment, and decreasing real estate prices caused large losses and valuation adjustments on mortgage portfolios, therefore resulting in financial distress for many primary mortgage companies. As a result of the global financial crisis, the ability of lenders to raise funds in the wholesale markets was also impaired for a number of years. Governments and central banks subsequently intervened globally to address such liquidity shortage through a number of monetary stimulus programs such as the European Central Bank's Quantitative Easing program and the UK government and Bank of England's Funding for Lending scheme.

The resulting economic recovery, favorable interest rate environment and the imbalance of supply and demand for properties caused UK housing prices and the mortgage market to recover. Rising house prices have further supported the market by driving investor appetite, increasing the volume and value of new mortgages and raising the level of available equity within properties. As of June 2017, outstanding residential loans in the United Kingdom amounted to approximately £1.35 trillion, and gross advances for the twelve months ended June 30, 2017 were approximately £246 billion, according to the data of UK Finance (previously the Council of Mortgage Lenders).

As of June 2017, the seasonally adjusted Halifax UK mix-adjusted house price index, which provides monthly comprehensive information on the change in UK house prices by using mortgage financed transactions to calculate the mix-adjusted (considering the number of rooms, type, size) average house prices and house price indices (indexed to 100 in January 1983), was 706.8 compared to 638.8 in December 2007 and 540.4 in December 2009. The three main house price indices, Halifax, Nationwide Building Society and HM Land Registry, respectively, reported that average house prices for the UK have increased 2.6%, 3.1% and 4.9% in the year to June 2017 as a whole, though there is variation regionally. The favorable, relatively benign, macroeconomic conditions, combined with greater focus within the industry on affordability, have led to a decline in arrears since 2009, falling to 90,400 (the number of accounts with more than 2.5% of outstanding balance in arrears) in June 2017 compared with 199,600 as of December 2009, according to UK Finance data. Repossessions have also been decreasing since 2009, falling to 7,400 properties repossessed in the twelve months ended June 2017, compared with 48,900 in the year ended December 2009, according to UK Finance data.

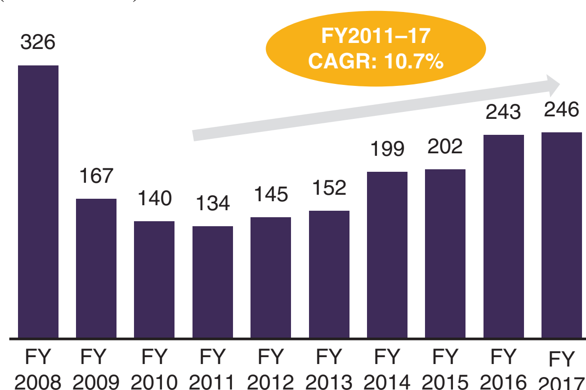
The vast majority of mortgage lenders in the United Kingdom are prudentially regulated deposit-taking institutions such as commercial banks, building societies and credit unions. According to the FCA and the Bank of England, over 90% of gross advances of residential lending in the United Kingdom for the calendar year 2016 were attributed to such deposit-taking institutions, while the remainder was attributed to regulated non-deposit-taking institutions. Regulated non-deposit-taking institutions include standalone specialist lenders, such as non-banks and subsidiaries of overseas investment banks.

We target specific areas of the market which are not well-served by mainstream lenders (by virtue of the type of customer, complexity of income source, type of property, type of product, service required or customer circumstances) and therefore compete with a broad range of different niche lenders across these product segments. Our key competitors in the specialist segment tend to be "challenger banks," larger non-bank specialist lenders and smaller niche lenders, each of which targets one or more specific underpenetrated segments of the market. Growth in these segments, including the entry of a number of new competitors in recent years, has caused an increase in competition in some of our market segments which has also resulted in some pressure on rates. We believe our flexible and customized approach, specialist underwriting skills, speed of execution, distribution capability, service delivery, product range and our experience and strong reputation, having been established for 43 years, have enabled us to maintain our strong market position.

Following the introduction of the MMR by the FSA (now FCA) in 2014, the increased compliance requirements and requirement that lenders provide advice resulted in an increasing number of lenders seeking partnerships with existing brokers and the percentage of regulated residential mortgages introduced by intermediaries grew from 55% to 64% between June 2014 and June 2015 and by June 2017 grew to 68% (FCA Mortgage Product Sales Data). See "*Regulation*." In our specialist segments of the market the proportion of business originated through brokers has historically been higher, given that borrowers with specialist requirements often turn to brokers having either been rejected by high street banks or having been unable to find high street banks that have a product range that meets their requirements. With respect to our retail purpose loans, we originated 91.6% of loans through our established network of brokers in the twelve months ended June 30, 2017.

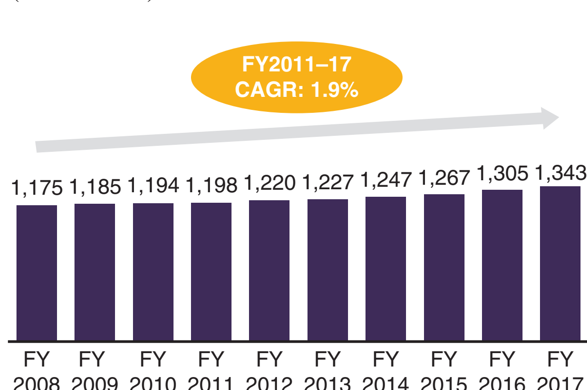
On March 21 2016, the FCA implemented the MCD in the UK with the objective of offering consumers protection through a standardization of lender practices across Europe. The major impacts that we experienced were the change of regulator with respect to regulated second lien mortgages and a move to the standardized information through a European Standardized Information Sheet (ESIS). Alongside these changes, MCD created a new regulated category of "Consumer Buy-to-Let" mortgages to offer greater protection to non-investor landlords. See "*Regulation*."

UK mortgage advances gross
(£ in billions)



Source: UK Finance and BoE.
Note: For Fiscal Year ending June 30. Excludes lending to housing associations and bridging loans, but includes any mortgage portfolios acquired from other lenders.

UK mortgages outstanding gross
(£ in billions)



Source: UK Finance.
Note: For Fiscal Year ending June 30. Excludes lending to housing associations and bridging loans, but includes any mortgage portfolios acquired from other lenders.

The Specialist Market

While high street banks and other larger institutions are generally able to raise capital at lower cost compared to niche market lenders, many of the larger institutions have been constrained by legacy issues such as out-of-date IT systems, impairments, regulatory capital shortfalls as well as compliance and governance reviews. In response, many high street banks have significantly curtailed their product ranges and narrowed their customer acceptance criteria since the recession. In addition, such organizations are structured to process high application volumes by using fully automated underwriting procedures, rather than handling more complex cases. As a consequence, significant gaps exist in the mainstream lending market, which have widened since the global financial crisis, creating an opportunity for specialist lenders, who operate across a number of niche areas that require a specialist set of skills to succeed.

We classify our lending into retail purpose and commercial purpose. The retail purpose market in which we operate can be further segmented into the retail first lien market and the retail second lien market. Similarly, the commercial purpose segment can be classified into three categories which broadly align with our own internal product categories of bridging (short-term commercial purpose), Buy-to-let ("BTL") (a component of our BTL+ loan category), and medium to long-term ("MLT") commercial (lending secured by commercial properties). More recently, we have also expanded our retail purpose offering into consumer buy-to-let and regulated bridging loan markets, which represent sub-segments of the wider BTL and bridging segments, respectively.

The retail purpose specialist markets are often characterized as including "near-prime," borrowers reflecting the fact that borrowers may have had some form of negative credit event in the past, ranging from missed or disputed telephone or utility bills through to one or more county court judgments. In addition, such specialist markets include, for example, certain self-employed customers, those with seasonal income or other complex income sources. Borrowers can also not meet the high street bank criteria for many of other reasons, including type of property (e.g., non-standard construction) or lending purpose (e.g., right-to-buy purchases), who are supported by the specialist lenders like us. In respect of those considered "near prime" while often failing the automated scorecard approach, many such borrowers may be creditworthy in the present (with such issues having been historical) and have significant equity in their homes. In the twelve months ended June 30, 2017, less than 13% of our retail purpose lending was to customers who would be categorized as impaired according to the FCA's definition.

In our commercial purpose markets, while some customers may have similar characteristics to our retail purpose customers, it is often the type of loan or speed of service required which drives the demand for specialist lending.

Retail: First Lien

The retail first lien market can be broadly divided into two models comprising a "standard" high volume, highly automated model, which accounts for the majority of the market, and a separate model for more specialist situations. Mainstream lenders, including the high street banks, primarily focus on the higher volume, highly automated segments of the market where the lowest cost of capital and cost of customer acquisition are key determinants of success. We operate across a variety of specialist segments of the market where mainstream lenders largely do not participate. Although there is no official definition for these segments, products in these segments are typically defined by the specific characteristics of the borrower or the nature of the lending purpose and are primarily distributed through broker channels. These lending purposes vary widely and can include, for instance, in addition to typical property purchases, loans for debt consolidation purposes or loans to support the purchase of property under the right to buy schemes. According to published Product Sales Data ("PSD") by the FCA, around 68% of the total residential owner-occupied mortgage market was distributed through broker intermediaries as of June 30, 2017. We continue to distribute our specialist lending products primarily through broker intermediaries with 89% of our retail first lien mortgages sourced through broker intermediaries.

According to UK Finance, advances in the residential mortgage market (excluding BTL) grew from £135 billion in the twelve months ended June 30, 2013 to £211 billion in the twelve months ended June 30, 2017, representing a 12% compound annual growth rate over the corresponding period. In the last twelve months ended June 30, 2017, advances grew 6% from £200 billion in the prior comparable period.

For the twelve months ended June 30, 2017, based upon our loan advances, we estimate we had less than 1% market share of the retail first lien market based upon UK Finance market size data.

Growth in this segment is expected to be supported by demand, which has risen over recent years as a result of reduced availability of mortgages, a growing number of people with some form of historical negative credit event, more complex sources of income (including self-employed) and increased lending for debt consolidation purposes. As high street banks have increasingly tightened their lending criteria and significantly reduced their range of products over recent years, many customers who were once able to obtain mortgages from these banks are no longer able to do so and instead turn to the specialist lending markets.

Retail: Second Lien

The retail second lien market is much smaller than the market for retail first lien mortgages and historically has been categorized separately from retail first lien lending, in part due to previously being regulated under a different regime. Since March 21, 2016, both retail first lien and retail second lien are regulated by the FCA under the same regime. See "*Regulation*."

Second lien loans are used for a variety of purposes, including property improvements, debt consolidation or the purchase of a second property or other large purchases. These mortgages have a second-priority ranking over the property and are entitled to be repaid only after the obligations of the first lien mortgage have been satisfied or discharged. Enforcement rights for second lien lenders are generally the same as those for first lien lenders and thus first lien lenders typically cannot prevent second lien lenders from enforcing security.

For some borrowers, second lien mortgages may be a most cost effective form of capital relative to other forms of borrowing such as unsecured loans, overdrafts or refinancing first lien mortgages. The average retail second lien loan advance in the twelve months ended June 30, 2017 was, according to UK Finance, approximately £46,000, which is more than banks are typically willing to advance by way of an unsecured personal loan. It may be possible for customers to borrow larger amounts through credit cards or overdrafts, but such options are often more expensive than retail second lien mortgages. There are also several circumstances in which a retail second lien mortgage can be more economical than a larger retail first lien mortgage, despite the higher interest cost. For example, if a borrower is on a fixed term mortgage and needs to raise additional funding, it may be more cost effective to borrow using second lien mortgage, rather than refinancing their existing first lien mortgage and incurring significant early repayment charges during the fixed term period. Similarly, if a borrower has an attractive low-margin tracker mortgage, such borrower may choose a retail second lien mortgage for additional funds in order to avoid repaying their existing loan.

According to the Finance and Leasing Association ("FLA"), advances in the retail second lien market grew from £392 million in the twelve months ended June 30, 2013 to £943 billion in the twelve months ended June 30, 2017, representing a 25% compound annual growth rate over the corresponding period. In the last twelve months ended June 30, 2017, advances grew 6% from £892 million in the prior corresponding period.

For the twelve months ended June 30 2017, based upon our own loan origination data, we estimate we had 13% market share in the retail second lien market, based upon FLA market size data.

The MCD, which took effect in March 2016 in the United Kingdom, aligned retail second lien regulation with retail first lien regulation. The MCD represented a significant shift in the retail second lien market. As was experienced in the retail first lien market following the introduction of the MMR, the change in regulation led to a short period of modest contraction which impacted upon the annual growth in the period to June 30, 2017, as the market embedded to the new regulation and the corresponding changes to its processes arising from this. These changes are expected to, longer term, increase awareness, reputation and consequently demand for retail purpose second lien mortgages. The MCD requires financial advisers to make customers aware of the option of retail second lien mortgages as an alternative to remortgages, and with a growing number of advisers and brokers expected to offer retail second lien products as a consequence of the recent regulation.

As well as growing awareness of second lien mortgages, demand for retail second lien loans is expected to be supported by factors including the trend of borrowers switching to longer term fixed rate mortgages, with sometimes large early redemption charges, and the growth in house prices experienced in recent years, freeing up equity to support home improvement activity, debt consolidation and other purchases.

Commercial: Buy-to-let (BTL+)

We operate in more specialist segments of the BTL market which are not well-served by the mainstream lenders (such as high street banks). Such specialist markets reflect the specific customer characteristics (as with our retail offering) or property characteristics, including housing with multiple occupants and borrowers with large property portfolios. In addition, it includes second lien BTL which many mainstream lenders do not offer. Within our BTL+ category of lending we offer first and second lien products. Such loans are used to fund the purchase or re-mortgage of a residential investment property. With respect to remortgages or second lien loans, additional proceeds may be released from the built up equity to fund the purchase of additional properties, property improvements or for debt consolidation purposes. Customers range from experienced landlords and property investors with multiple properties to first-time landlords.

According to UK Finance, advances in wider BTL market grew from £17.5 billion in the twelve months ended June 30, 2013 to £35.2 billion in the twelve months ended June 30, 2017, representing a 19% compound annual growth rate over the corresponding period. In the last twelve months ended June 30, 2017, advances decreased 21% from £44.3 billion in the prior comparable period, primarily due to the range of measures initiated by the UK Government around the BTL markets (as explained below) compounded by the significant increase in lending activity in the previous period in the run-up to the new stamp duty regulations introduced in April 2016.

For the twelve months ended June 30 2017, based upon our own loan origination data, we estimate we had less than 1% market share in the total BTL market, based upon UK Finance market size data.

As a consequence of the significant growth experienced in the BTL markets, in 2016 the UK Government introduced a range of measures affecting the buy-to-let segment of the property market, including the 3% stamp duty land tax surcharge on second homes introduced in April 2016 and the restrictions of tax relief on mortgage interest payments to the basic rate of tax, to be phased in between 2017 and 2020. Furthermore, the PRA issued its expectations of underwriting standards for mortgage lenders on stress testing BTL mortgages and in assessing affordability and clarification around risk capital weightings to be applied by banks offering BTL mortgages. In addition, the PRA has set out new standards on underwriting loans where the landlord has four or more properties ("portfolio landlords") which came into force on September 30, 2017. In addition, from March 21, 2016, certain BTL mortgages became regulated as a consequence of the MCD and referred to as "CBTL." We now categorize such loans within our retail purpose lending.

While such initiatives have constrained the rapid growth experienced over previous recent years, we expect that many of the key underlying drivers of historical growth will remain. Opportunities exist for specialist markets to benefit from the increased complexity around affordability testing and the capital requirements which may temper mainstream lenders appetite for BTL markets in the future. In addition, the growth in BTL purchases through limited company structures, following the tax relief restrictions, provides further opportunity for specialist lenders to increase their market share.

Commercial: Bridging

Bridging loans are generally short-term (i.e. less than 24 months) and serve a broad range of purposes, including opportunistic residential and commercial property purchases, chain breaks, property refurbishment, auction

purchases and short-term liquidity for businesses (such as working capital requirements), and are often required at very short notice. A chain is a sequence of linked house purchases, each of which is dependent on the preceding and succeeding purchaser. Where a purchaser or seller of the chain pulls out, this creates a break which can threaten all other house purchases in the chain. A bridging loan can enable a purchaser to still purchase a property before completing the sale of an existing property. This combination of time pressure and complex circumstances results in a wide range of product characteristics. In addition, borrowers require a high level of customer service oriented around loan deliverability, underwriting flexibility and industry experience. As a result for such customers, the rate of interest often is not necessarily the primary driver for choice of lender.

Given their short duration, bridging loans are typically interest-only or with interest rolled up and paid on settlement of the loan. Customers include a broad range of borrowers including property investors, high net worth individuals and small and medium-sized enterprises. In addition, certain bridging loans are classified as regulated bridging loans, where the loan is not driven by commercial purpose (for instance, owner occupier chain breaks). Over recent months, we have expanded our regulated bridging loan product originations. We classify such loans within our retail purpose lending segment. Demand for bridging loans comes from a wide range of customers, including prime customers, as it is the characteristics of the situation required which drive the demand. Auction Finance (a sub-segment of bridging) is used for the purchase of residential, semi-commercial and commercial property at auctions. Borrowers can receive confirmation of a pre-approved loan prior to attending an auction, based on providing details of the property or properties which they plan to bid for (subject to certain conditions).

The West One Bridging Index indicates that the bridging market grew from £1.8 billion in the twelve months ended June 30, 2013 to £4.3 billion in the twelve months ended June 30, 2017, representing a 25% compound annual growth rate over the corresponding period. In the last twelve months ended June 30, 2017, the market increased more slowly at 4.2% from the prior comparable period, the slowdown being driven predominantly by a pronounced slump in the quarter immediately following the Brexit referendum, after which growth has returned.

For the twelve months ended June 30, 2017, based upon our own loan origination data, which also includes our regulated bridge origination, we estimate we had approximately 14% market share in the bridging market, based upon West One Bridging Index market size data.

The growth in demand experienced in the market over recent years has been supported by growth in house prices and increased awareness of the wide application of bridging loans to suit a range of different scenarios. In more seller-friendly markets, the ability to fund a transaction quickly can be a strong differentiator in securing a property. Bridging finance is often the only product available to satisfy such needs, with few alternatives providing comparable flexibility and speed, as time frames associated with mainstream lenders' lending processes are often too long. Often a bridging loan is taken out with the intention to refinance through mainstream lenders at a later date. Growing awareness and acceptance of bridging finance as an option is expected to support demand in the market. The necessity for flexibility and speed in delivering loans across such a range of complex situations is expected to result in the market remaining far less automated and commoditized than other product areas.

Commercial: Medium- and Long-Term (Commercial Security)

The UK commercial property market is extremely diverse, with loans being secured against various property types including retail units (such as restaurants, pubs and hotels), industrial properties, warehousing and office blocks. The size of loans underwritten also varies widely, from less than £100,000 to £50 million or higher. Within the UK commercial property market, our focus is on smaller loans with a typical maximum principal amount of less than £1 million and low LTV ratios relative to market.

According to De Montfort University, the commercial property lending market has grown from £29.9 billion in the twelve months ended December 31, 2013 to £44.5 billion in the twelve months ended December 31, 2016, representing a 14% compound annual growth rate over the corresponding period. In the twelve months ended December 31, 2016, lending decreased 17% from £53.7 billion in the prior comparable period, driven in part by a slowdown in the weeks following the EU referendum and by fewer commercial property transactions requiring debt. Lending in the twelve months ended June 30, 2017 was £40.6 billion representing a 19% decrease on the same comparable prior year period. Despite the overall reduction in lending, De Montfort University estimates that the specialist lenders' new loan origination volumes have grown, driven by the ability to offer more flexible terms than traditional banks.

For the twelve months ended June 30, 2017, based upon our own loan origination data, we had less than 1% market share in the commercial property market, based upon De Montfort University market size data.

Demand in this segment is expected to be supported by a relatively stable macro-economic environment and robust rental yields, though uncertainty exists surrounding the impact of the UK's separation from the EU. See "*Risk Factors—Risks Relating to Our Business—A deterioration in the economic environment in United Kingdom could have a material adverse effect on our business, results of operations and financial condition*" and "*The United Kingdom'scontemplated exit from the European Union may adversely impact our business, results of operations and financial condition*" and "*The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations.*"

BUSINESS

Overview

We are a specialist UK mortgage loan provider, established in 1974, and have successfully operated throughout our 43 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments in which customers are generally underserved by mainstream lenders. Our loans include secured first and second lien loans, of which approximately 74% 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 supported by an effective service proposition, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one, consistent brand "Together" and distribute them primarily through brokers across the United Kingdom, professional firms and auction houses and through our direct sales teams. We underwrite and service all our loans in-house, providing efficient automated processing primarily utilizing manual underwriting to determine the credit decision. Loan administration and collection processes are well developed and in line with regulatory principles, with a strong emphasis on treating customers fairly and creating positive customer outcomes. In the year ended June 30, 2017 and the three months ended September 30, 2017, we had interest receivable and similar income of £246.5 million and £68.0 million, respectively, and EBITDA of £185.2 million and £52.8 million, respectively. Our EBITDA for the twelve months ended September 30, 2017 was £191.9 million. Excluding the effects of exceptional items related to the Exit Transactions, Underlying EBITDA for the three months ended September 30, 2017 and the twelve months ended September 30, 2017 was £52.8 million and £200.1 million, respectively. For the three months ended September 30, 2017 and the twelve months ended September 30, 2017, we advanced £376.3 million and £1,333.7 million of new lending, respectively. As of September 30, 2017, we had Shareholders' Funds of £678.7 million. As of September 30, 2017, our total loan assets were £2,369.4 million, with an average loan value of approximately £77,700. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis*."

As of September 30, 2017, 33.6% of our loan portfolio was classified as retail purpose, 62.1% of our loan portfolio was classified as commercial purpose and 4.3% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the Financial Conduct Authority ("FCA") as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this offering memorandum. Retail purpose loans include loans for purchasing a new home (including "chain breaks," which are loans used by customers looking to purchase a new home ahead of completing the sale of their existing home), making home improvements, debt consolidation and large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("CBTL") written after this date. Our retail purpose loans also include regulated bridging loans. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan are used for business purposes. Such loans could include, in order to lease a property ("buy-to-let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property (but excluding regulated bridging loans). Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it. Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of property units. 31.0% of our development loans were underwritten prior to 2010 which we continue to support, and 69.0% were underwritten from 2010 onwards. As of September 30, 2017, 100% of our retail purpose loans and 60.4% of our commercial purpose loans (including development loans) were secured by residential property.

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

As of September 30, 2017, the LTV was a ratio (reflected as a percentage) of the aggregate of, in the case of a first lien mortgage, (i) the principal amount of a mortgage loan, (ii) the accrued interest and fees thereon and (iii) net of allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan or, in the case of a second lien mortgage, the aggregate of (i) the principal amount of such mortgage, (ii) the accrued interest and fees thereon, (iii) the prior lien mortgages also secured by the same property and (iv) net of any allowances for impairment, compared to the appraised value (the assessed value of real property in the opinion of a qualified appraiser or valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan. Our key underwriting metrics remained fairly consistent as of and for the twelve months ended September 30, 2017, with the LTVs of our loan portfolio on a weighted average indexed basis as of September 30, 2017 at 54.4%, and the LTV on a weighted average basis of new loans underwritten by us for the twelve months ended September 30, 2017 at 57.4%. As of September 30, 2017, 93.7% of our total loan portfolio and 89.5% 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 property prices and economic downturns, thereby minimizing our levels of provisions and losses. For the years ended June 30, 2015, 2016 and 2017 and the three months ended September 30, 2016 and 2017, pursuant to IFRS, impairment losses in relation to potential loan principal losses and interest income that is expected not to be recovered, adjusted for time value, amounted to £7.5 million, £13.8 million, £7.4 million, £2.1 million and £1.6 million, respectively, representing on an annualized basis only 0.6%, 0.9%, 0.4%, 0.5% and 0.3%, respectively, of our average total loan assets for each period.

We have historically generally reinvested our profits in our business, increasing our reserves and providing a separate equity buffer to our lenders in addition to the protection afforded by the low weighted averaged indexed LTV of our loan portfolio. The ratio of our net senior secured borrowings to total loan assets was 71.4% as of September 30, 2017. The ratio of net senior secured borrowings (including our Securitizations) 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 38.8% as of September 30, 2017.

Retail Purpose Lending

As of September 30, 2017, retail purpose loans comprised 33.6% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 49.3% and a weighted average nominal rate of 9.1%, substantially all of which were secured by residential property. We lend to customers with a wide range of residential properties which can also include non-standard property types, such as timber-framed properties, thatched cottages and high-rise flats. Our retail purpose loans consist of first lien loans, which are secured by first priority liens on the collateral property, the proceeds from which are typically used by borrowers to purchase the property or to refinance an existing loan that is secured by a first priority lien on the property but can also be used for a variety of other purposes, and second lien loans, which are secured by liens on the collateral property that are junior in priority of payment to first lien loans, the proceeds from which are used by borrowers for a variety of purposes. First lien and second lien loans represented 32.3% and 67.7% of our retail purpose loans, respectively, calculated by value as of September 30, 2017. We offer retail purpose loans under the “Together” brand through our subsidiary, Together Personal Finance Limited (“TPFL,” formerly Cheshire Mortgage Corporation Limited), which has full regulatory permissions to offer first charge and second charge mortgages to retail customers. Until March 21, 2016, we also offered second lien mortgages through our subsidiary Blemain Finance Limited (“BFL”), which will continue managing its existing loan portfolio. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans. As of September 30, 2017, CBTL mortgages represented £41.2 million or 1.7% of our total loan portfolio. Our retail purpose loans also include regulated bridging loans which were introduced in February 2016 and which have steadily grown in volume over recent periods and as of September 30, 2017, represented £62.9 million or 2.6% of our total loan portfolio. Our retail purpose loans are distributed primarily through an established network of brokers, with a small portion sold directly to new, current and previous customers. In the twelve months ended September 30, 2017, we distributed approximately 91.6% of our retail purpose loans through our established network of brokers. The assets securing our retail purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Commercial Purpose Lending

As of September 30, 2017, commercial purpose loans comprised 62.1% of our loan portfolio, calculated by value, with a weighted average indexed LTV of 54.8% and a weighted average nominal rate of 10.7%, 48.3% of

which are short-term commercial purpose loans and 51.7% of which are medium and long-term commercial purpose loans, calculated by value. Our short-term commercial purpose loans (excluding regulated bridging loans), defined as having original maturities of up to 24 months, are secured by property, of which 48.5% is residential and 51.5% 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 72.0% is residential and 28.0% is commercial and semi-commercial property. We further classify medium and long-term commercial purpose loans secured by residential properties as "BTL+," which includes our buy-to-let lending activity (excluding CBTL) but including first-time landlords and portfolio landlords, as well as certain other types of lending secured on residential property, which are unregulated by virtue of business exemptions being applicable. These business exemptions, by way of example, include second lien loans where both (i) more than 50% of loan proceeds are for business purposes and (ii) where the loan is greater than £25,000, and loans for which the borrower is a limited company. We classify medium and long-term commercial purpose loans secured by commercial properties as commercial security lending. Our commercial purpose loans primarily consist of first and second lien loans, which represented 87.4% and 12.6% of our short-term commercial purpose loans, respectively, and 72.0% and 28.0% of our medium and long-term commercial purpose loans, respectively, calculated by value as of September 30, 2017. We offer commercial purpose loans under the "Together" brand through our subsidiary Together Commercial Finance Limited ("TCFL," formerly Lancashire Mortgage Corporation Limited). Until recently, we also offered commercial purposes loans through our subsidiaries, Auction Finance Limited ("AFL"), Bridging Finance Limited ("BDFL") and Harpmanor Limited ("HARPL"). In April 2017, we completed the process of consolidating the distribution of commercial purpose loans into TCFL. Each of AFL, BDFL and HARPL will continue to manage their respective existing loan portfolios.

In the twelve months ended September 30, 2017, we distributed 60.6% of our short-term commercial purpose loans through direct channels which consist of, *inter alios*, our network of professionals, banking, accounting, legal professionals and firms, auction houses, our repeat customer base and our direct sales teams. In the twelve months ended September 30, 2017, we distributed 39.4% of our short-term commercial purpose loans through our established network of brokers. In the twelve months ended September 30, 2017, we distributed 89.5% of our medium- and long-term commercial purpose loans through our established network of brokers. The assets securing our commercial purpose loans are located across England, Scotland, Wales and, to a small extent, Northern Ireland.

Development Loans

As of September 30, 2017, development loans comprised 4.3% of our loan portfolio. Development loans are loans that we extend to finance the development of land or property primarily into residential units with repayments typically being made out of the sale of the units. Of our development loans, 31.0% were originated prior to December 31, 2009 (including any further advances advanced post 2010). We underwrite relatively few new development loans each year. Loans originated since January 1, 2010 and subsequently redeemed had a weighted average elapsed term of 11.9 months. For the twelve months ended September 30, 2017, we extended £38.5 million in further advances on loans originated prior to September 30, 2016 (of which £0.1 million related to loans originated prior to 2010) and have underwritten £60.6 million in new development loans comprised of £32.2 million of initial advances and £28.4 million of further advances. As of September 30, 2017, taking into account cross guarantees on other properties owned by the relevant customer, we had total exposure to negative equity on development loans of £12.2 million when comparing our loan balances (before allowances for impairment) to our indexed valuations. As of September 30, 2017, we recorded allowances for impairment on development loans of £13.9 million, which incorporates a discount to the value of the security to account for the time value of money for the period until the expected realization of the security.

Our Sources of Funding

Historically, our principal sources of funds have been cash provided by operations, our Shareholders' Funds, including through subordinated shareholder indebtedness, the Revolving Credit Facility, capital markets indebtedness represented by notes and the Conduit Securitizations. As of September 30, 2017, our Shareholders' Funds were £678.7 million, including Subordinated Shareholder Funding with a carrying value of £23.7 million. See "*Related Party Transactions—Subordinated Shareholder Funding*" and Note 23 to the audited consolidated financial statements of Together Financial Services as of and for the year ended June 30, 2017. As of September 30, 2017, the total commitments available under the CABS Securitization, the LABS Securitization and the DABS Securitization were £1,000.0 million (£720.0 million outstanding), £255.0 million (£145.0 million outstanding) and £90.0 million (£70.0 million outstanding), respectively. In addition, the total commitments under the Revolving Credit Facility were £57.5 million (£nil outstanding).

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes to the Originators and £5.2 million Class R notes issued to the Company. The Class R notes represent an amortizing reserve of liquidity in an aggregate amount equal to approximately 2% of the Rated TABS Notes at any time outstanding. The Class Z notes represent an interest of 5% of the aggregate principal balance of the mortgage loans in the TABS Securitization portfolio as of September 30, 2017 that is subordinate to the Rated TABS Notes' interests. The assets purchased by Together ABS from the Originators had been re-purchased by the Originators from Charles Street ABS in connection with the establishment of the TABS Securitization. As of September 30, 2017, the total amount of outstanding Rated TABS Notes was £261.3 million. Unlike the Conduit Securitizations which are revolving facilities, the TABS Securitization is a term securitization, and Together ABS does not buy additional mortgages from the Originators on an ongoing basis. Pursuant to the terms of the TABS Securitization, the Originators may also be required to either substitute or fund any loans that no longer meet certain criteria. Together ABS's assets are included within our consolidated accounts included herein.

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

The assets of the special purpose vehicles related to the Securitizations are included within our consolidated accounts presented herein. Charles Street ABS provides liquidity for both our retail purpose and commercial purpose loans, while Lakeside ABS has a greater focus on short-term commercial purpose loans. Qualifying retail purpose (with respect to Charles Street ABS only) and commercial purpose loans eligible to be sold to each Conduit Securitization are selected on a random basis, subject to meeting certain eligibility criteria and portfolio requirements, and transferred at their principal loan balance. Of loans underwritten by us since establishing CABS Securitization in 2007, due to the nature of the loans, approximately 86% have been eligible at origination for sale to Charles Street ABS, since establishing LABS Securitization in August 2015, due to the nature of the loans, approximately 23% of loans underwritten by us have been eligible for sale to Lakeside ABS and since establishing DABS Securitization in January 2017, due to the nature of the loans, approximately 39% of loans underwritten by us have been eligible for sale to Delta ABS. Loans, once sold, must continue to meet certain criteria to remain eligible as collateral for the purposes of calculating the borrowing level under each Conduit Securitization. In order to maximize the borrowing level, as well as to prevent a default from occurring in each of the Conduit Securitizations, the Originators are obliged to either substitute loans that become ineligible loans with eligible loans or purchase additional subordinated notes issued by Charles Street ABS, Lakeside ABS or Delta ABS, as applicable, to fund the ineligible loans. To date, we have chosen to substitute ineligible loans with eligible loans. We estimate principal losses recognized on loans repurchased from the CABS Securitization were, on average, less than £0.02 million per year between January 1, 2013 and September 30, 2017. Principal losses recognized on loans repurchased from the LABS Securitization has been less than £0.01 million since its inception in August 2015 until September 30, 2017. Principal losses recognized on loans repurchased from the DABS Securitization has been £nil since its inception in January 2017 until September 30, 2017.

Surplus income of each of the Securitization Vehicles, after paying interest and fees in connection with the applicable Securitization, is paid to the Originators on a monthly basis, except during a default or full amortization period, as applicable. Surplus income paid back to the Originators in connection with CABS Securitization, amounted to an average of £7.4 million per month between October 1, 2016 and September 30, 2017 (or £88.8 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the LABS Securitization, amounted to an average of £2.6 million per month between October 1, 2016 and September 30, 2017 (or £30.6 million for the twelve months ended September 30, 2017). Surplus income paid back to the Originators in connection with the DABS Securitization, amounted to an average of £0.8 million per month between February 1 and September 30, 2017 (£6.1 million for the eight months ended September 30, 2017).

As of September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £897.1 million, had cash of £40.9 million and net creditors of £0.6 million. As of September 30, 2017, total commitments under the note issuance facility under the CABS Securitization were £1,000.0 million and total notes outstanding were £720.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £217.4 million.

As of September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £192.2 million, had cash of £10.4 million and net debtors of £1.0 million. As of September 30, 2017, total commitments under the note issuance facility under the LABS Securitization were £255.0 million and total notes outstanding were £145.0 million. As of September 30, 2017, total subordinated subscription notes outstanding were £58.5 million.

As of September 30, 2017, Delta ABS held total loan assets with a principal balance of £82.7 million, had cash of £5.3 million and net debtors of £0.7 million. As of September 30, 2017, total commitments under the note issuance facility under the DABS Securitization were £90.0 million and total notes outstanding were £70.0 million. As of September 30, 2017, total subordinated notes outstanding were £18.6 million.

On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes issued to the Originators and £5.2 million Class R notes issued to the Company. As of September 30, 2017, total Rated TABS Notes outstanding were £261.3 million.

As of June 30, 2015, 2016 and 2017 and September 30, 2017, Charles Street ABS held total loan assets with a principal balance of £805.9 million, £952.2 million, £1,065.2 million and £897.1 million, respectively. As of June 30, 2016 and 2017 and September 30, 2017, Lakeside ABS held total loan assets with a principal balance of £242.1 million, £214.6 million and £192.2 million, respectively. As of June 30, 2017 and September 30, 2017, Delta ABS held total loan assets with a principal balance of £83.7 million and £82.7 million, respectively. For additional information in respect of the Securitizations, see "*Description of Certain Financing Arrangements—Securitizations*." The Borrower Group's total loan assets, as of June 30, 2015, 2016 and 2017 and September 30, 2017 were £617.7 million, £606.4 million, £877.4 million and £924.1 million, respectively, net of allowances for impairment.

Supplemental Cash Flow Information for the group and Borrower Group

The group is highly cash generative with growing levels of cash generation over the past years. The group generated £519.6 million, £833.0 million, £1,000.9 million and £319.4 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £153.0 million, £191.9 million, £227.6 million and £61.5 million of interest and fees, respectively, and £366.6 million, £641.1 million, £773.3 million and £257.9 million of principal receipts, respectively. Cash Receipts expressed as a percentage of total average loan assets were 42.0%, 51.7% and 49.5% in the years ended June 30, 2015, 2016 and 2017. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017, were 50.7% and 55.4%, respectively.

The Borrower Group generated £286.8 million, £425.2 million, £495.2 million and £165.5 million of Cash Receipts in the years ended June 30, 2015, 2016 and 2017, and the three months ended September 30, 2017, comprising of £61.5 million, £52.0 million, £68.1 million and £19.5 million of interest and fees, respectively, £155.3 million, £268.7 million, £302.4 million and £114.3 million of principal receipts, respectively, and £70.0 million, £104.6 million, £124.7 million and £31.7 million surplus income from the Securitizations, respectively. Cash Receipts expressed as a percentage of total average loan assets of the Borrower Group were 50.1%, 69.5% and 66.7% in the years ended June 30, 2015, 2016 and 2017, respectively. Annualized Cash Receipts divided by the total average loan assets for the three months ended September 30, 2016 and 2017 were 79.4% and 73.5%, respectively. See "*—Our sources of funding*."

The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016 and 2017, respectively, resulting in cash available for debt service and originating new loans of £467.4 million, £771.8 million and £898.7 million (£901.8 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £295.4 million.

The Borrower Group had cash outflows relating to overheads and expenses, tax and capital expenditure of £52.1 million, £61.3 million and £102.2 million (£99.1 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017) in the years ended June 30, 2015, 2016

and 2017, respectively, resulting in cash available for debt service and originating new loans of £234.6 million, £364.0 million and £393.1 million (£396.2 million excluding the effects of exceptional items related to the Exit Transactions of £3.1 million for the year ended June 30, 2017), respectively. The Borrower Group had cash outflows relating to overheads and expenses, tax, PIK Note dividends and capital expenditure of £24.0 million in the three months ended September 30, 2017, resulting in cash available for debt service and originating new loans of £141.5 million.

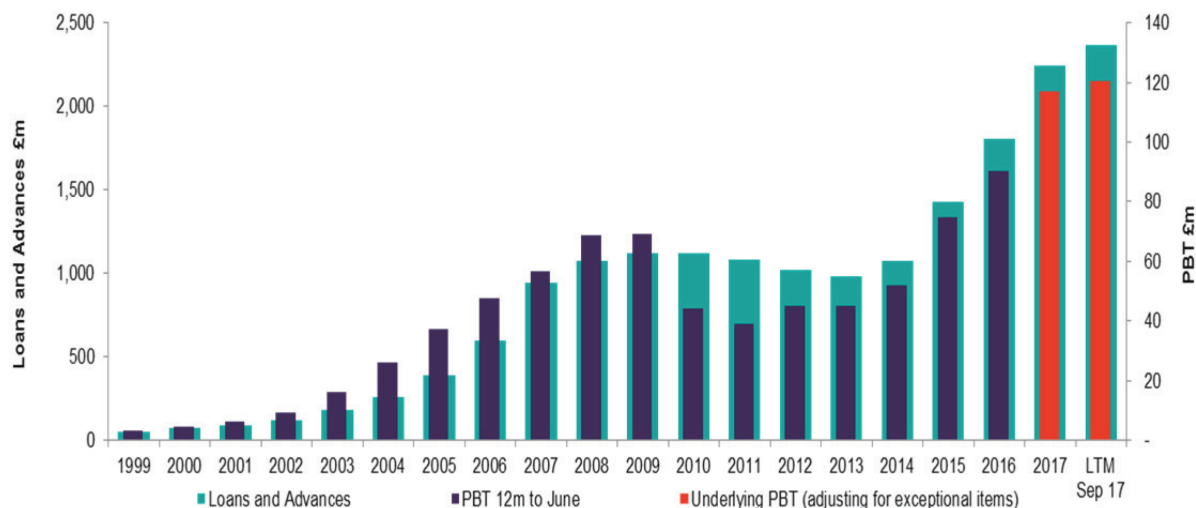
The group paid interest costs of £43.6 million, £61.7 million and £78.6 million (£63.5 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The group paid interest costs of £27.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. Debt issuance costs for the three months ended September 30, 2017 were related to the issuance of the TABS Securitization and the refinancing of the Revolving Credit Facility.

The Borrower Group paid interest costs of £24.7 million, £32.3 million and £43.4 million (£28.3 million excluding the effects of exceptional items related to the Refinancing of £15.1 million for the year ended June 30, 2017), respectively, and debt issuance costs of £6.6 million, £12.5 million and £11.5 million in the years ended June 30, 2015, 2016 and 2017, respectively. The Borrower Group paid interest costs of £16.6 million and debt issuance costs of £1.6 million in the three months ended September 30, 2017. See "*—Our Sources of Funding*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

Our Competitive Strengths

Track record of continuous profitable growth through multiple business cycles. We have been profitable since our establishment over 43 years ago, including throughout the most recent financial crisis and economic downturn, during which many of our competitors and financial institutions in general suffered significant losses, with a number of our competitors discontinuing originating loans or, in certain instances, ceasing trading. We remained profitable throughout such period and experienced only relatively modest reductions in the aggregate amount of our loan portfolio. In the years ended June 30, 2015, 2016 and 2017 and in the three months ended September 30, 2017, we had profit before taxation of £74.8 million, £90.3 million, £117.1 million (as adjusted for exceptional items associated with the Refinancing and Exit Transactions of £23.0 million) and £31.0 million. We have historically generally reinvested all of our profits in our business, which has supported the growth in our balance sheet and resulted in Shareholders' Funds as of September 30, 2017, of £678.7 million. In the years ended June 30, 2015, 2016 and 2017 and in the twelve months ended September 30, 2017, we advanced £725.1 million, £1,011.5 million, £1,185.4 million and £1,333.7 million of new loans, respectively.

The chart below demonstrates the growth of our loan book and our profit before taxes in the period from the year ended June 1999 to the year ended June 30, 2016 and demonstrates the growth of our loan book and our profit before taxes in respect of the year ended June 30, 2017 and twelve months ended September 30, 2017, after adjusting for exceptional items (the "Underlying profit before tax"). Information for the period from June 30, 1999 to June 30, 2014 is presented in accordance with UK GAAP, while information for the years ended June 30, 2015, 2016 and 2017 and for the twelve months ended September 30, 2017 is presented in accordance with IFRS.



For the years ended June 30, 2015, 2016 and 2017, our EBITDA was £127.9 million, £159.3 million and £185.2 million, respectively, and our Underlying EBITDA for the year ended June 30, 2017 was £193.4 million. In the twelve months to September 30, 2017, our EBITDA was £191.9 million and our Underlying EBITDA was £200.1 million, in accordance with IFRS, compared to approximately £126 million in the year ended June 30, 2008, in accordance with UK GAAP.

Unique and proven business model focused on attractive margin niche market segments. We offer a range of individually underwritten secured loans for both retail and commercial purposes, secured on both residential and commercial property, at low LTVs, to homeowners, small and medium-sized enterprises ("SMEs"), property investors and high net worth individuals. According to UK Finance (previously the Council of Mortgage Lenders) and the Bank of England, the total United Kingdom mortgage market has grown from the twelve months ended June 2011 to the twelve months ended June 2017 in terms of value of the annual mortgage originations at a compound annual rate of 10.7%, with increasing levels of available homeowners' and property investors' equity. According to the UK Finance and the Bank of England, in the twelve months ended June 2017, annual mortgage originations were £246 billion, 0.6% up on the comparable prior period. The slowdown in growth during this period (particularly the six months ended December 31, 2016) has been, in part, attributed to the government initiatives related to the buy-to-let sector (in particular, stamp duty charges introduced in April 2016) and uncertainty following the Brexit referendum. More recently, however, originations have increased again with originations for the twelve months ended October 2017 increasing by 3.8% compared to the previous twelve-month period. We identify and operate in niche market segments of the broader mortgage market, in which customers are generally underserved by high street lenders. As a result of economic and regulatory trends that have affected high street lenders, borrowers are increasingly seeking financing from alternative lenders. In capturing such market growth, we differentiate ourselves from our competitors by our specialist underwriting skills, speed of execution, distribution network, service delivery and product range. Customers, brokers and our other distribution partners turn to Together because of our product offering combined with a flexible, customized approach that allows us to meet our customers' needs. Our customers are often unable to secure funding from mainstream lenders, in a timely fashion or at all, due to the customers' historical circumstances, the nature of the property to be financed, the borrowing purpose or the speed in which the funds are required. Mainstream lenders often automate the underwriting process, which can lead to rejection of large numbers of creditworthy customers as a result of non-standard loan applications. Our underwriting process is based on the principles of affordability, sustainability and recoverability, which take into consideration default minimums, stress buffers, customer history and financial position, understanding of the repayment strategy and in-depth security reviews with valuations comparison, and legal reviews. Our use of manual underwriting processes 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 purely using a general credit score approach. In addition, brokers turn to Together because of our broad and flexible product offering, our experience and strong reputation having been established for 43 years and our levels of service. Our capabilities are supported by our fully developed in-house platform, from origination through to servicing collections, all located within our modern head offices. We continually seek to identify new opportunities to develop our loan offerings through our product development team, which works closely with brokers and other stakeholders in our distribution channels to identify new niche market segments where customers are underserved. By operating in markets with less competition and only lending at low LTVs, we are able to achieve an attractive risk-adjusted return on our total loan assets. The weighted average nominal rate of new loans underwritten by us for the twelve months ended September 30, 2017 was 10.0%. Our net interest margin (excluding exceptional items related to the Refinancing) for the twelve months ended September 30, 2017 was 8.5%.

Broad, growing distribution network, supported by long-standing relationships with brokers and direct routes to markets. Our established and diversified distribution channels consist of our established network of brokers and our direct channels. Our direct channels include originations through our relationships with auction houses, sourced from our professional network, including lawyers, accountants, bankers and surveyors, repeat customers and our own direct sales teams. In the twelve months ended September 30, 2017, 63.8% of the loans (by value) we extended were sourced from brokers and 36.2% were sourced from our direct channels. Our broad third party distribution network is primarily based on stable and long standing relationships with these partners. Our relationships with brokers were further strengthened during the global financial crisis as a result of the related reduction in the number of competitors that operated within our market segments during this period, in which we continued to lend. In addition, we recently have also started to expand our broker outreach through our emerging relationships with mortgage networks and clubs. For the twelve months ended September 30, 2017, we originated loans through approximately 435 brokers (an increase from 205 brokers in the year ended June 30, 2012), 166 of which each generated new advances in excess of £0.5 million compared to 40 such brokers in the year ended June 30, 2012. Our rebranding to "Together" supports both origination through our direct channels and our

established network of brokers. For the twelve months ended September 30, 2017, our largest individual broker accounted for 9.4% of aggregate broker advances, our top ten and top 20 brokers accounted for 38.9% and 53.7% of aggregate broker advances, respectively. In the twelve months ended September 30, 2017, our largest broker in commercial purpose and retail purpose lending accounted for 12.8% of total commercial purpose broker advances and 7.9% of total retail purpose broker advances.

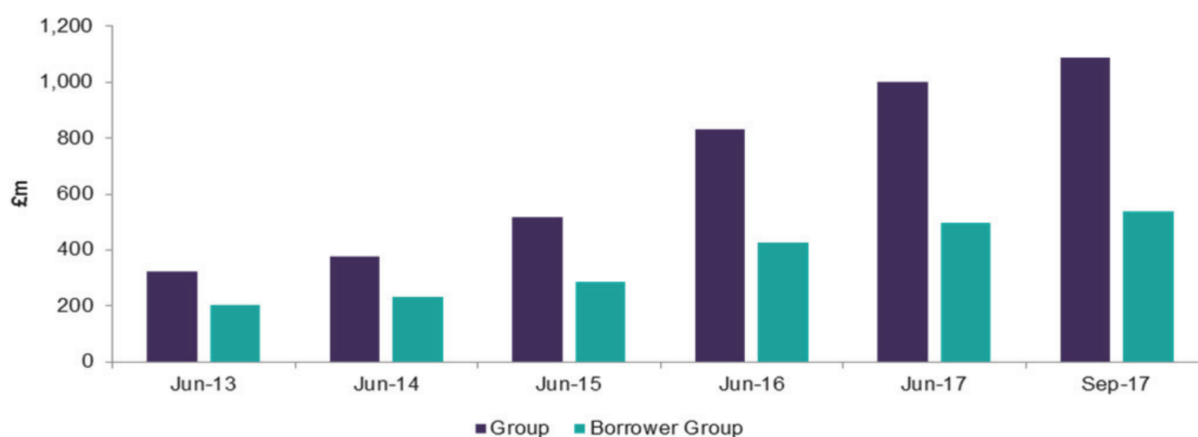
Prudent underwriting leading to strong asset backing and robust credit performance. Together has built a loan portfolio which we believe is well-balanced across retail purpose (which also includes CBTL and regulated bridge loans) and commercial purpose loans (including buy-to-let), maturity lengths, geographical spread and niche markets. We have refined our underwriting process based on over 43 years of experience, including through various property crises and while remaining profitable throughout such periods. Approximately 74% of our loans are secured on residential properties and the balances are secured on commercial and semi-commercial properties. A long standing, fundamental principle of our group has been lending at low LTVs, which mitigates our risk of loss in the event of repossession and, we believe, provides our customers an incentive to engage with us to find acceptable solutions in the event they face difficulties meeting their financial obligations. Moreover, our policy of lending at low LTVs provides us with significant protection from falling property prices, as shown by our modest levels of bad and doubtful debts charges throughout the 2008-2011 period. The weighted average indexed LTV of our loan portfolio, as of September 30, 2017, was 54.4% and the weighted average indexed LTV of the Borrower Group's loan portfolio, as of September 30, 2017, was 59.1%. As of September 30, 2017, 93.7% of our loan portfolio and 89.5% our Borrower Group's loan portfolio had an origination LTV less than 75%. For additional information in respect of the Borrower Group's loan portfolio, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrower Group Loan Analysis*." The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2006 and 2007 (prior to the recent global financial crisis) was 65.6% and 65.8%, respectively. The weighted average LTV of new loans underwritten between July 1, 2009 and June 30, 2013 (during the recent global financial crisis) was 52.6%. The weighted average LTV of new loans underwritten for the twelve months ended June 30, 2014, 2015, 2016 and 2017 (following the recent global financial crisis) and for the twelve months ended September 30, 2017 was 54.4%, 55.4%, 57.1%, 56.9% and 57.4%, respectively with 2.4%, 1.2%, 0.8%, 2.0% and 2.4% of new loans underwritten having an LTV in excess of 80%, respectively and, for the three months ended September 30, 2016 and September 30, 2017, the weighted average LTV of new loans underwritten in such period was 55.5% and 57.8%, respectively. In stress testing our loan portfolio and the Borrower Group's loan portfolio, as of September 30, 2017, when comparing our loan balances (before allowances for impairment) to the respective indexed valuations of the properties, an assumed 20% decline to indexed valuations on a loan by loan basis would result in an additional negative equity exposure of £20.0 million and £19.3 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loss Sensitivities*."

Strong sources of funding. We have strong sources of funding, including cash from operations, the Conduit Securitizations, the Term Securitization, the Revolving Credit Facility, the 2021 Notes, the 2024 Existing Notes, the 2024 Additional Notes offered hereby and shareholder funding. In the case of the Conduit Securitizations and the Revolving Credit Facility, our lenders consist of financial institutions with whom we have long-standing relationships as well as additional leading financial institutions which have recently acceded to the Conduit Securitizations and the Revolving Credit Facility. In August 2015, we entered into a £255.0 million LABS Securitization program, with some of the same lenders as under the CABS Securitization. In March 2016, we increased the CABS Securitization, by £325.0 million to £1,000 million, extended the maturity to 2021 and improved the commercial terms. On October 13, 2016, we refinanced the £300.0 million aggregate principal amounts of 9¾% Senior Secured Notes due 2018 with £375.0 million aggregate principal amount of 6¼% Senior Secured Notes due 2021. On January 26, 2017, we entered into a £90.0 million securitization focused on bridging loans (the "DABS Securitization"). On February 22, 2017, we issued £200.0 million of 6⅛% Senior Secured Notes due 2024. On June 5, 2017, we increased our Revolving Credit Facility from £29.0 million to £57.5 million and extended the maturity to 2021. On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold residential mortgages with an aggregate principal balance amount of £275.0 million through the issuance of £261.3 million Rated TABS Notes to qualified institutional investors, £13.8 million Class Z notes issued to the Originators and £5.2 million Class R notes issued to the Company. As of September 30, 2017, total Rated TABS Notes outstanding were £261.3 million (the "TABS Securitization"). In January 2018, we have extended the maturity of the LABS Securitization and improved the commercial terms. We have a track record of successfully extending maturity, increasing the size and enhancing the terms of our financing arrangements in line with our growth and have a maximum exposure of 24.4% to any single lending counterparty under the Conduit Securitizations and the Revolving Credit Facility as a percentage of such drawn balances as of September 30, 2017. We adopt a policy of regularly extending the Conduit Securitizations and Revolving Credit Facility, and we believe that the weighted average maturity profile of such facilities provides

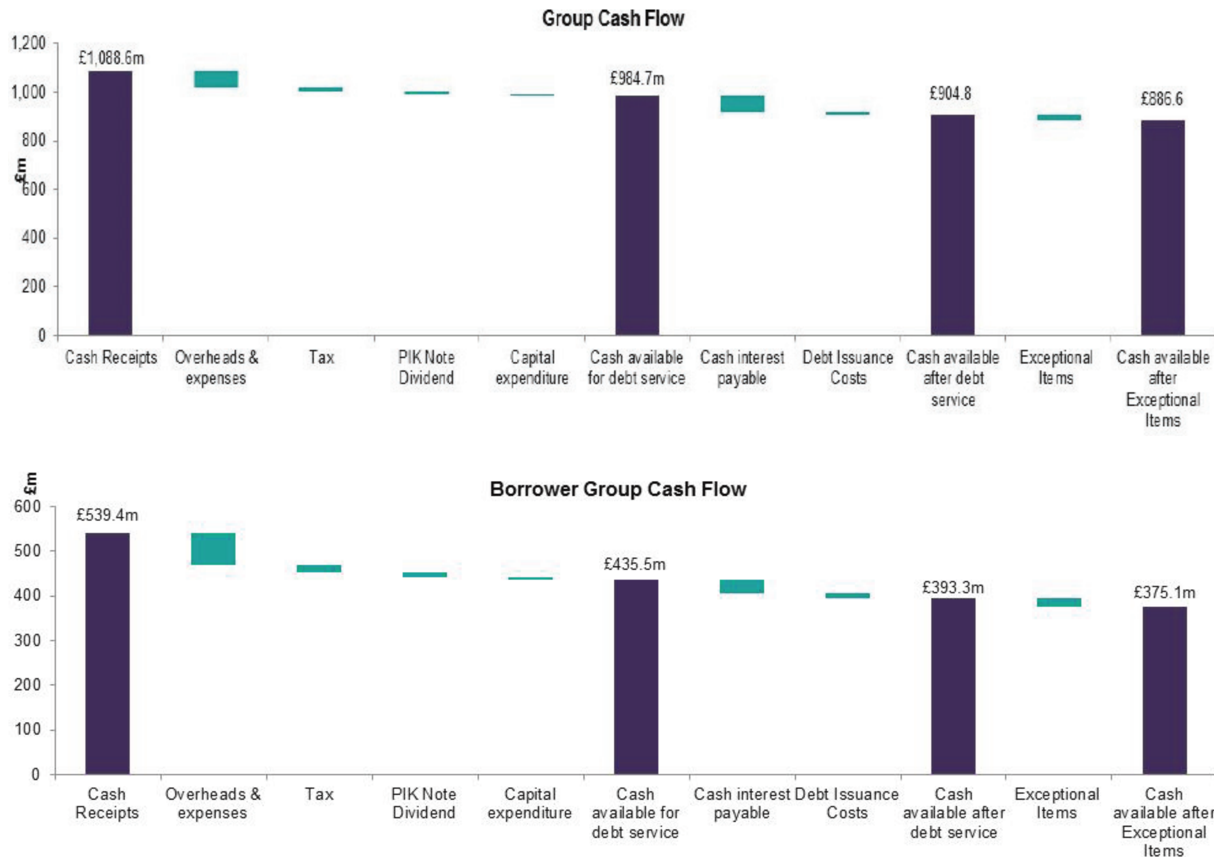
continuity even in economically challenging periods. Our weighted average maturity profile of our drawn facilities increased from approximately 3.4 years as of September 30, 2016 to approximately 3.6 years as of September 30, 2017 (3.8 years reflecting the maturity extension of the LABS Securitization). Our diversified funding structure has allowed us to reduce our costs of borrowing, from 5.8% for the twelve months ended September 30, 2016 to 4.9% for the twelve months ended September 30, 2017, both adjusted to exclude exceptional interest costs associated with the Refinancing and ignoring the full impact of the TABS Securitization, which we entered into on September 29, 2017, and the renewal of the LABS Securitization on January 8, 2018.

Highly cash generative. The group is highly cash generative and had £1,088.6 million of Cash Receipts for the twelve months ended September 30, 2017, comprising £236.0 million of interest and fees and £852.6 million of principal receipts. As of September 30, 2017, our total loan assets were £2,369.4 million. The levels of cash generation have been increasing over the past years, supported by the high growth of our loan book in the same period, and partly through the high levels of short-term commercial purpose loans, which have a faster redemption profile in comparison with other types of loans that we offer. Cash Receipts expressed as a percentage of total average loan assets were 51.7%, 49.5% and 51.5% in the years ended June 30, 2016, 2017 and the twelve months ended September 30, 2017, respectively. The Borrower Group generated £539.4 million of Cash Receipts in the twelve months ended September 30, 2017, comprised of £72.9 million in interest and fees, £340.6 million in principal receipts and £125.9 million surplus income from the Securitizations. See "*—Overview—Our Sources of Funding*." Cash Receipts for the Borrower Group expressed as a percentage of average loan assets of the Borrower Group were 69.5%, 66.7% and 70.1% in the years ended June 30, 2016, 2017 and the twelve months ended September 30, 2017. The group had cash outflow related to overheads and expenses, tax, dividends and capital expenditure of £107.1 million in the twelve months ended September 30, 2017 (Overheads and expenses, tax, dividends and capital expenditures of £104.0 million, excluding the effects of exceptional items related to the Exit Transactions of £3.1 million in the twelve months ended September 30, 2017), resulting in cash available for debt service and underwriting new loans of £981.6 million for the group and £432.4 million for the Borrower Group (cash available for debt service and underwriting new loans of £984.7 million for the group and £435.5 million for the Borrower Group, excluding the effects of exceptional items related to the Exit Transactions of £3.1 million in the twelve months ended September 30, 2017). We are able to effectively manage our liquidity by controlling the amount of new loans we underwrite in any given period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Cash Flow Information*."

The table below sets forth Cash Receipts by the group and the Borrower Group for the years ended June 30, 2015, 2016 and 2017 and for the twelve months ended September 30, 2017.



The tables below set forth the paid interest costs and debt issuance costs for the group and the Borrower group for the twelve months ended September 30, 2017.



For the twelve months ended September 30, 2017, cash flows available for debt repayments or new advances are £899.7 million after overheads and expenses, capital expenditure, taxes, PIK Note dividend and interest expense have been taken off but before debt issuance costs of £13.1 million (£917.8 million excluding the effects of exceptional interest payable related to the Refinancing of £15.1 million and exceptional items related to the Exit Transaction of £3.1 million) and are equivalent to 82.6% of total Cash Receipts of £1,088.6 million (84.3% excluding the effects of exceptional items related to the Refinancing and Exit Transactions). For the twelve months ended September 30, 2017, loan advances required to maintain the size of the loan book at September 30, 2016 are estimated to be approximately £820 million with associated debt issuance costs of approximately £9 million, assuming a ratio of 1.1% debt issuance costs to loan advances.

For the twelve months ended September 30, 2017, cash flows available for debt repayments or new advances (excluding the effects of exceptional items related to the Refinancing and Exit Transactions) were 4.6 times Underlying EBITDA.

Active and effective arrears and collections management. We actively manage our level of arrears by employing a variety of collection strategies based on the particular circumstances of each customer, acting fairly and appropriately, in line with our internal policies and regulatory requirements for collections. Due to our active management of arrears, in addition to our strong underwriting and the conservative LTV profile of our loan assets, we had virtually no principal losses prior to 2008 and our provisions for bad and doubtful debts expensed to our profit and loss account in respect of potential loan principal losses in each of the years between 2008 and 2013 amounted to only 1% of our average total loan assets, pursuant to UK GAAP, and for the years ended June 30, 2015, 2016 and 2017, and the twelve months ended September 30, 2017, the impairment losses amounted to 0.5%, 0.8%, 0.3% and 0.3%, respectively, of our total loan assets pursuant to IFRS. We proactively work with our customers who are experiencing a reduced ability to pay their mortgage loans, offering a range of forbearance measures appropriate to customers' circumstances, including, for example, income and expenditure reviews, payment plans and assisted sale schemes. We continuously invest in developing our customer relationship management information technology ("IT") platform in our collections area, which we use to improve the effectiveness and efficiency of our collection process. This platform helps us to record and track detailed information about our customers, their circumstances including their financial position, thereby

facilitating the arrangement of effective, tailored payment plans as well as more focused ongoing dialogue with our customers. As a result of our proactive approach with our customers and an improvement in the credit quality of the customers to whom we have lent since 2008, vintage delinquency rates (being the proportion of customers who enter arrears greater than three months' contractual installments within twelve months of loan origination) decreased from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015. We believe that our close management of accounts in arrears ensures that they are effectively handled, with many customers making regular payments in line with agreed payment plans. As of September 30, 2017, of our contractual arrears greater than one month's contractual installment, which represented 8.6% of our loan portfolio and 18.0% of the Borrower Group's loan portfolio (excluding repossessed and development loans), calculated by value, 60.0% and 51.0% of the group and the Borrower Group, respectively, were classified as performing arrears loans, in respect of which either arrears were less than or equal to three monthly contractual installments or within the last three months 90% or more of contractual installments had been received.

Strong governance structure, risk and compliance control. Culture and staff values are deeply embedded within our organization and senior management team. The interests of our customers are at the heart of what we do. We endeavor to understand our customers' needs and design products that are fair and transparent, and to help customers who are in financial difficulty or assessed as vulnerable through pre-emptive collection strategies and appropriate forbearance tools. We also undertake root cause analysis of the complaints received in order to improve our customers' journeys. We have in place a governance and management structure that we believe ensures effective risk management, supports decision making and provides strong oversight over all of our business activities. In addition, we believe that our focus on risk and compliance is essential to our reputation and also represents good business practice in an increasingly regulated market. Our commitment to strong governance and risk and compliance control is also evidenced by our staff selection, training and retention policies, which include extensive referencing, continuous training and competency programs and performance management strategies based on qualitative appraisals and remuneration plans. During the twelve months ended September 30, 2017, we have continued to invest in our three lines of defense, most notably our second line, where we have made a number of additional appointments, including the creation of a new Head of Group Risk and Oversight role.

Experienced, long-serving and proven senior management team and distinguished new hires. Our business was co-founded by our current Chief Executive Officer, Henry Moser, in 1974. Three out of five executive members of the group's board of directors have served on the board of directors for over 17 years. Our consistent profitability since our establishment demonstrates both the depth of knowledge of our senior management team of the mortgage lending industry as well as their ability to adapt to the volatile environment of the previous economic downturns. As part of enhancing our governance to support future growth objectives, we have significantly expanded the senior management team over the last two years, including additions to the group, the Personal Finance division and the Commercial Finance division Boards and including a number of non-executive directors who have extensive industry experience. In addition, we have expanded our leadership team over the twelve months ended September 30, 2017, including the appointments of a permanent Marketing Director, Group Intermediary Relationship Director, Director of Corporate Affairs and Head of Group Risk and Oversight.

Our Strategy

Continue to focus on prudent underwriting policies, LTVs and traditional security. We will continue to focus on prudent underwriting policies and LTVs in providing mortgage loans. Over the past nine years, we have increasingly used more stringent affordability metrics to ensure our customers are able to service their loans. This increased focus on affordability correlates with a significant decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015, and we maintain a continued focus on such policies which are further supported by the introduction of the Mortgage Market Review ("MMR") in April 2014 and Mortgage Credit Directive ("MCD") in March 2016 which prescribe certain minimum requirements in assessing affordability. We intend to target an average origination LTV of between 55% and 65% for new loans secured primarily on mainland UK properties.

Maintain our balanced loan portfolio mix, continue to differentiate and grow our distribution channels and products. We intend to maintain a balanced loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term. Although throughout the economic cycle the Personal Finance division and the Commercial Finance division grow at different rates, we intend to maintain focus on both divisions.

We intend to continue to grow our loan portfolio through our well established existing broker relationships, our newly established broker relationships, including through the mortgage networks and clubs, and the further development of our direct lending channels. For the twelve months ended September 30, 2017, 36.2% of all new loans were originated through direct lending, which includes referrals through auction houses, our professional network and direct sales teams including our growing repeat customer base. In support of both of our broker strategy and our direct lending growth strategy, in September 2015 we rebranded our operations and consolidated our existing brand names of both the Company and each of its trading subsidiaries under the unified, customer focused, "Together" brand, which we believe reflects our passion for working with our customers and business partners. We continue to invest in marketing our brand, including with the recent appointment of a permanent marketing director to support these efforts.

We have recently extended our broker distribution capability with increased targeting of mortgage networks and clubs, supported by changes to our internal processes, enhanced functionality of our broker portal and significant recruitment and upskilling of our broker relationship team, including the recent role creation and appointment of a Group Intermediary Relationship Director. We continue developing our direct sales capabilities, including through improvements to our digital propositions. In the year 2017, we undertook a major project to enhance our digital auction finance presence, including significant enhancements to the end user functionality and interaction within our website, with plans to roll out such capabilities to other areas of the Together website during 2018. In our Commercial Finance division, we have expanded our regional targeting of professional intermediaries to increase introductions from our professional network, supported by the further appointment of regional development managers. Our profile and presence within the auction markets continues to grow, with deepening relationships with auction houses including a number of new exclusivity arrangements. During 2017, we have created a new commercial purpose direct sales function, supporting increased business activity with existing customers, and we have appointed a corporate relationship director to manage larger clients.

In addition, we will continue to seek new niche markets where we can offer new products by identifying customer groups that are underserved by other lenders and trends in lending activity, including through our product development team and our relationships with our existing brokers and others in our distribution channels. We believe that continuing to differentiate our loan offerings and providing excellent customer service will continue to make us an attractive business partner to brokers, others who introduce business to us and our customers as well as allow us to secure margins that are more attractive than those available in non-niche market segments.

Grow our loan portfolio. Our total loan assets represent less than 1% of the total mortgage market. We believe that historically the volume of loans we were able to originate was primarily limited by the amount of funding available to us, as well as the level of redemption activity. The increase in new business levels for the twelve months ended September 30, 2017 has been due, in part, to the increased liquidity available to us as well as enhancements to our distribution, product range and service capabilities. On January 26, 2017, we entered into the £90.0 million DABS Securitization, on February 22, 2017, we issued the 2024 Existing Notes and on September 29, 2017, we entered into the £275.0 million TABS Securitization. The market in the United Kingdom for retail purpose and commercial purpose mortgages has increased in recent years, corresponding with an upward movement in property prices, declining unemployment and improved economic sentiment. In addition, there has been a reduction in the number of products offered by high street lenders and certain customer segments are no longer serviced by such lenders. Combined with the additional funding, enhancements to our product range, distribution and service capabilities, these factors have allowed us to increase our lending volumes and widen our customer base and improve the credit quality of the loans we underwrite. We intend to continue to grow our loan portfolio by continuing to identify demand for our product offerings and to support this by reinvesting our reserves and further increasing and diversifying our sources of funding.

Our History

We were founded in 1974 by Henry Moser, who continues with us as our Chief Executive Officer of Together Financial Services Limited, and Barrie Pollock, who sold his minority shareholding in 2006. In our 43-year operating history, we have been profitable year on year and generally reinvested profits to facilitate growth. We have grown our business organically, without acquiring other businesses or the loan portfolios of other lenders. In 2006, Equistone Partners Europe, formerly Barclays Private Equity, and SL Capital Partners, acquired significant minority shares in our group. Equistone Partners Europe and SL Capital Partners exited their investment in November 2016. The Moser Family Shareholders indirectly own 100.0% of the voting shares of the Company. See "*Shareholders—The Exit Transactions*."

Our Operations

We offer first lien and second lien mortgage loans, for both retail and commercial purposes that are secured by residential properties, commercial properties and semi-commercial properties. First lien loans are typically used either to purchase the property by which they are secured or to refinance an existing mortgage. Second lien loans are loans secured by property against which a first mortgage has already been obtained. Prior to April 1, 2014, most second lien lending for retail purposes was regulated by the OFT as consumer credit; the regulation of consumer credit is now covered by the FCA and since March 2016 is regulated pursuant to the same rules as first lien retail purpose lending. See "*Regulation*."

Loan Portfolio Characteristics

The table below provides certain characteristics of our retail purpose, commercial purpose and development lending as of September 30, 2017.

	Retail Purpose[6] 33.6%	Commercial Purpose[1] 62.1% — Short-term Commercial Purpose 30.0%	Commercial Purpose[1] 62.1% — Medium- and Long-term Commercial Purpose[3] 32.1% — Commercial Security 9.0%	Commercial Purpose[1] 62.1% — Medium- and Long-term Commercial Purpose[3] 32.1% — BTL + 23.1%	Development 4.3%
Principal Subsidiaries	• TPFL • BFL[4]	• TCFL • BDFL[4] • AFL[4] • HARPL[4]	• TCFL • HARPL[4]	• TCFL • BFL[4] • HARPL[4]	• TCFL
Specialty	Loans to individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth and other individuals	Loans to small and medium-sized enterprises, property investors and high net-worth individuals
Regulator	FCA	Unregulated	Unregulated	Unregulated	Unregulated
Distribution	• Brokers • Direct sales	• Brokers • Professional referrals • Auction houses • Direct sales	• Brokers • Professional referrals • Direct sales	• Brokers • Professional referrals • Direct sales • Auction houses	• Brokers • Professional referrals • Direct sales
Security	• Residential property	• Residential property • Commercial and semi-commercial property	• Commercial and semi-commercial property	• Residential property	• Residential property • Commercial and semi-commercial property
Terms	1 to 30 years	Up to 24 months	2-30 years	2-30 years	Through to completion and sale of units
Loan Portfolio Value	• First lien: £257.9 million • Second lien: £541.6 million • Total: £799.5 million	• First lien: £623.4 million • Second lien: £89.7 million • Total: £713.1 million	• First lien: £199.9 million • Second lien: £13.2 million • Total: £213.2 million	• First lien: £348.6 million • Second lien: £200.3 million • Total: £548.8 million	• First lien: £78.6 million • Second lien: £24.6 million • Total: £103.2 million
Number of Loans	• First lien: 3,324 • Second lien: 16,867 • Total: 20,191	• First lien: 1,968 • Second lien: 420 • Total: 2,388	• First lien: 1,583 • Second lien: 173 • Total: 1,756	• First lien: 3,097 • Second lien: 2,899 • Total: 5,996	• First lien: 185 • Second lien: 85 • Total: 270
Weighted Average Indexed LTV	• First lien: 45.8% • Second lien: 50.9% • Total: 49.3%	• First lien: 57.5% • Second lien: 58.2% • Total: 57.6%	• First lien: 48.8% • Second lien: 45.3% • Total: 48.5%	• First lien: 52.5% • Second lien: 55.5% • Total: 53.6%	• First lien: 81.7% • Second lien: 104.5% • Total: 87.0%
Weighted Average Nominal Rate	• First lien: 8.0% • Second lien: 9.6% • Total: 9.1%	• First lien: 12.5% • Second lien: 13.0% • Total: 12.5%	• First lien: 9.5% • Second lien: 10.1% • Total: 9.5%	• First lien: 8.9% • Second lien: 8.9% • Total: 8.9%	• First lien: 12.0% • Second lien: 10.9% • Total: 11.8%
Average Inception Loan Size[3]	• First lien: £80.0 thousand • Second lien: £35.8 thousand • Total: £43.1 thousand	• First lien: £341.7 thousand • Second lien: £228.6 thousand • Total: £321.8 thousand	• First lien: £131.7 thousand • Second lien: £82.4 thousand • Total: £126.8 thousand	• First lien: £117.8 thousand • Second lien: £71.9 thousand • Total: £95.6 thousand	• First lien: £343.7 thousand • Second lien: £167.3 thousand • Total: £288.2 thousand

		Commercial Purpose[1] 62.1%			
	Retail Purpose[6] 33.6%	Short-term Commercial Purpose 30.0%	Medium- and Long-term Commercial Purpose[3] 32.1%		Development 4.3%
			Commercial Security 9.0%	BTL + 23.1%	
Average Inception Loan Size of Loans Underwritten in the Last 12 Months	• First lien: £114.6 thousand • Second lien: £68.6 thousand • Total: £87.5 thousand	• First lien: £387.5 thousand • Second lien: £309.7 thousand • Total: £377.7 thousand	• First lien: £156.3 thousand • Second lien: £109.9 thousand • Total: £151.9 thousand	• First lien: £139.8 thousand • Second lien: £82.0 thousand • Total: £110.8 thousand	• First lien: £386.2 thousand • Second lien: £150.6 thousand • Total: £339.1 thousand
Number of Loans Underwritten in the Last 12 Months	• First lien: 1,477 • Second lien: 2,120 • Total: 3,597	• First lien: 1,445 • Second lien: 209 • Total: 1,654	• First lien: 541 • Second lien: 56 • Total: 597	• First lien: 919 • Second lien: 926 • Total: 1,845	• First lien: 76 • Second lien: 19 • Total: 95
Value of Loans Underwritten in the Last 12 Months (excluding further advances of £66.9 million)[5][6]	• First lien: £169.3 million • Second lien: £145.5 million • Total: £314.8 million[6]	• First lien: £560.0 million • Second lien: £64.7 million • Total: £624.7 million	• First lien: £84.6 million • Second lien: £6.2 million • Total: £90.7 million	• First lien: £128.4 million • Second lien: £75.9 million • Total: £204.4 million	• First lien: £29.4 million • Second lien: £2.9 million • Total: £32.2 million
Weighted Average Nominal Rate of Loans Underwritten in the Last 12 Months	• First lien: 7.5% • Second lien: 7.4% • Total: 7.5%	• First lien: 11.8% • Second lien: 12.6% • Total: 11.9%	• First lien: 8.8% • Second lien: 9.3% • Total: 8.8%	• First lien: 7.7% • Second lien: 8.1% • Total: 7.8%	• First lien: 13.0% • Second lien: 13.8% • Total: 13.0%
Weighted Average LTV of Loans Underwritten in the Last 12 Months	• First lien: 49.1% • Second lien: 58.0% • Total: 53.2%	• First lien: 59.5% • Second lien: 58.6% • Total: 59.4%	• First lien: 54.3% • Second lien: 50.1% • Total: 54.0%	• First lien: 59.4% • Second lien: 61.7% • Total: 60.3%	• First lien: 45.4% • Second lien: 51.6% • Total: 45.9%

(1) The aggregate average inception loan size of commercial loans is £154.3 thousand.
(2) The aggregate average inception loan size of retail, commercial purpose and development loans is £82.1 thousand.
(3) The average inception loan size of medium- and long-term commercial purpose loans is £102.7 thousand.
(4) AFL, BFL, BDFL and HARPL are managing their existing respective loan portfolios and are not underwriting additional loans.
(5) The above analysis excludes £0.2 million of advances from Spot Finance.
(6) Retail purpose loans underwritten in the last twelve months ended September 30, 2017 of £314.8 million includes £35.0 million of CBTL loans and £68.5 million of regulated bridging loans. Such loans are segmented into first and second lien as appropriate.

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, Lakeside ABS, Delta ABS and Together 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

As of September 30, 2017, 33.6% of our loan portfolio, calculated by value, consists of retail purpose loans, substantially all of which are secured by residential property.

Purposes

We offer retail purpose loans for a variety of purposes, which include debt consolidation, refinancing an existing mortgage, making home improvements, making large personal purchases and purchasing a new home (including chain breaks). In the twelve months ended September 30, 2017, 26.1% of retail purpose loans were underwritten for debt consolidation, 20.2% for debt consolidation and home improvement, 14.0% for home improvement, 20.2% for large personal purchases and 19.5% for property purchases.

We specialize in offering retail purpose loans to segments of the markets that are underserved and offering solutions in the form of niche products such as small-value mortgages, right to buy mortgages and, as a further example, regulated bridging loans which we introduced in February 2016 and which are typically used by customers looking to purchase a new home ahead of completing the sale of their existing home ("chain breaks"). In addition, following the introduction of the MCD, we also include CBTL loans within our retail purpose offering.

Some of our customers automatically fall outside the formulaic and automated scorecard assessment methodologies, based upon probabilities and averages, used by other lenders, as a result of, for example, having some form of credit profile event, being self-employed, having seasonal income, where the loan maturity extends beyond the borrower's 65th birthday or where the property is of a non-standard nature (for example, certain high-rise flats, timber-framed houses and houses with thatched roofs). We undertake a full affordability, repayment and credit assessment, individually underwriting loan applications based upon the merits and demerits of each individual case. We continually seek niche markets for our retail purpose loans by identifying trends in demands for products through various means, including through our product development team and our well-established relationships with our network of brokers.

Distribution

We distribute our retail purpose loans through a wide range of mortgage and finance brokers across the United Kingdom and directly to end consumers, including existing customers. Historically, we have traded almost exclusively with 'packaging' brokers, who source business either directly from end consumers or from other brokers or financial advisers. Recently, we have expanded our distribution to also work with mortgage networks and clubs with intentions to further expand the number of mortgage networks and clubs which we work with. We currently have partnership arrangements in place with five mortgage networks and one mortgage club. Such networks and clubs currently account for only a small amount of new originations. Our servicing of brokers affiliated with networks and clubs is supported by the introduction of Decision in Principle ("DIP") capability within our processes. See "*—Decision in Principle (DIP)*."

In the twelve months ended September 30, 2017, approximately 91.6% of our retail loans were originated from brokers. We are not reliant on any one broker, with no single broker providing more than 7.9% of our broker-sourced retail purpose business and the top ten brokers representing approximately 36.9% of our broker-sourced retail purpose business for the twelve months ended September 30, 2017. The nationwide reach of the brokers we work with provides us with a geographically diverse security portfolio.

Our relationships with brokers are non-exclusive, covered by full contractual and accreditation agreements and are actively managed through our broker relationship team. Brokers can apply to become accredited as "arrangers," "packagers" or be members of partner mortgage networks or clubs. All 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 Intermediary Monitoring team and our risk team, which includes the evidencing of permissions.

In the case of brokers permitted to act for us as arrangers, such brokers pass customer details to us and we contact those individuals to offer our products and services which, for retail purpose loans, is on an advised basis. Arrangers provide initial brief customer details to our direct sales team who then provide a full advisory service to the end customer. If accepted, such individuals apply for a loan with us and our internal direct sales teams will obtain any requirements from the customers and the underwriting team will proceed to process and package the loan. For retail purpose lending, such arrangers must, as a minimum, hold mortgage arranging permissions.

In the case of brokers permitted to act for us as packagers, such brokers collect certain information to support applications in line with our lending requirements and criteria and pass this information to us for our underwriting teams to review and check. The majority of brokers we work with are regulated by the FCA with

full authorizations for regulated mortgage contracts and CBTL and credit brokering permissions, where appropriate. We also collaborate with certain packagers who may not have FCA advisory permissions but package loans on behalf of FCA regulated advisers who advise the customer, as applicable. As part of our underwriting checks, we ensure such advisers have the relevant permissions to give such advice. Only brokers who have been accredited to do so are permitted to provide mortgage illustration documentation to the customer.

In the case of brokers affiliated with mortgage networks, these brokers are known as appointed representatives ("AR"). The mortgage networks themselves hold the regulatory permissions and are responsible for upholding the regulatory standards of all AR's of the network. As part of the takeon of a new mortgage network we ensure such network has all the relevant permissions. Following the AR providing certain basic customer information and us providing an initial DIP, an AR will then submit all of the information required for a full application to be made.

In the case of brokers affiliated with mortgage clubs, these brokers are known as Directly Authorized ("DA's") and hold their own individual FCA permissions. Such mortgage clubs provide their affiliated brokers with access to lenders and products which may not otherwise be accessible. As part of our underwriting checks on receipt of a full application, we ensure such DA's have the relevant permissions. Following the DA providing certain basic customer information and us providing an initial DIP, a DA will then submit all of the information required for a full application to be made.

Once relationships with brokers have been established, specialist sales teams manage the overall relationship with the broker depending on whether they are an arranger, package for us or are a member of a mortgage network or club and, for retail purpose lending, our Underwriting Relationship Managers handle day-to-day communication and activity on loan applications that have been submitted for completion.

We do not rely on any particular broker and regularly monitor the quality of service and information provided by each broker, through a combination of file reviews and performance assessments, of both the quality of the applications and the performance of the loans that have been sourced through such broker. We regularly evaluate whether we wish to continue working with such broker through our monthly Intermediary Oversight Committee meeting. See "—*Compliance and Quality Control*."

In the twelve months ended September 30, 2017, we sold approximately 8.4% of our retail purpose loans directly. In respect of retail purpose loans, our direct sales team provides a full advisory service to existing and new customers. Increasingly, these applicants are sourced through our digital marketing activity.

Security

Most residential property securing our retail purpose loans is traditional housing stock, principally located in England, Scotland and Wales. As of September 30, 2017, geographically, 7.7%, 30.3% and 62.0% of the properties securing our retail purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of the United Kingdom, respectively. This is similar to the geographic distribution of our properties in our total loan portfolio, of which 16.3% was originated in the Northwest region of the United Kingdom, 29.0% in London and 54.7% throughout the remainder of the United Kingdom. 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 typically 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 does not have a permanent UK residence.

Terms

Our retail purpose loans typically have terms of one to 30 years. The weighted average loan terms for retail purpose loans offered by BFL and TPFL as of September 30, 2017 were 202 months. Retail purpose loans that were redeemed in the twelve months ended September 30, 2017 had an average elapsed term of 46.5 months.

Subsidiaries

We offer retail purpose loans through TPFL. Until March 20, 2016, retail purpose loans were also offered through BFL, which currently only manages its existing loan portfolio. As of September 30, 2017, 45.6% of our

retail purpose loans, calculated by value, consisted of BFL loans, 98.4% of which were second lien loans. As of September 30, 2017, 54.4% of our retail purpose loans, calculated by value, consisted of TPFL loans, 57.9% of which were first lien loans. Between 2004 and March 2016, TPFL only offered first lien loans, however, following the introduction of the MCD in March 2016, all first lien and second lien retail purpose loans are offered through TPFL. Both subsidiaries have historically distributed nearly all their loans through brokers, however, the percentage of loans underwritten through our direct proposition has grown recently to 8.4% in the twelve months ended September 30, 2017 from 3.8% in the twelve months ended September 30, 2016. BFL will continue to administer any second lien retail purpose loans originated prior to March 2016, operating under its home finance administration permissions received from the FCA. See "*Regulation*."

The table below sets forth certain information about the retail purpose loans as of September 30, 2017.

	Loan portfolio as of September 30, 2017	**Business underwritten in the twelve months ended September 30, 2017 and outstanding as of September 30, 2017**
	(unaudited)	
Weighted Average Indexed LTV	49.3%	52.7%
Average Inception Loan Size	£43.1 thousand	£84.2 thousand
Weighted Average Inception Loan Term	202 months	168 months
Outstanding Balance	£ 799.5 million	£ 310.4 million
Percentage first lien	32.3%	52.6%

Motor Finance

In addition to our core retail purpose lending, in July 2015, we launched a pilot program for motor finance lending, through our subsidiary Spot Finance Limited. The pilot program was authorized by the group for up to a maximum of £6.0 million of new business lending. The pilot program ceased in December 2016 when all new loan origination was stopped.

As of September 30, 2017, Spot Finance Limited had 349 loans with a total loan balance of £1.5 million and with an average nominal rate of 11.6%. We do not include such amounts within our loan balance portfolio as such loans are currently considered as non-core. See "*Presentation of Financial and Other Information—Terms Relating to Our Loan Analysis*."

Underwriting Process

Our underwriting process, which is conducted by our Residential Underwriting and Processing Department, consists of the following stages: decision in principle (where relevant), processing, underwriting, lending decision, binding offer and funding and completion. Our individualized underwriting process can take two to eight weeks to complete.

Decision in Principle (DIP)

Since June 2017, in respect of retail purpose loans, we have introduced an earlier stage to our underwriting process for loans originated through mortgage networks and clubs, namely an automated DIP. Such process is based on the provision of certain basic information such as address history, income and outgoings and the undertaking of a credit search, from which the customer may obtain an "in principle" amount that we would be able to lend, subject still to the satisfactory completion of the full underwriting process. This DIP process can either result in an 'accept' or 'refer' decision. Other than rare exceptions, we do not include an automatic 'decline' category but have an underwriter review the circumstances to underpin our personalised decision making process. In instances where DIPs are ultimately declined, we provide an explanation on each individual case as to the reasons for rejection in order to provide clarity to the broker on the rationale for such decision and to further educate brokers on our lending criteria for future business.

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. Additionally, during the processing stage and continually throughout the life of the loan, applicants are screened using the Dow Jones Watchlist in order to identify politically exposed persons, individuals recognized on sanctions lists or any adverse media about applicants. Any matches during the screening process are investigated and appropriate action is taken. See "*Risk Factors—We depend on the accuracy and completeness of information about customers and their properties, and any misrepresented or inaccurate information could adversely affect our business, results and reporting of our operations and financial condition*."

Underwriting

The underwriting stage consists of a detailed individualized credit, affordability and/or repayment assessment, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability and sustainability, being the ability of the loan applicant to service and repay the requested loan through its term, the repayment strategy where the loan will not be repaid from installments and security being the adequacy of the property which will serve as security for the loan. In relation to bridging or interest only loans, an assessment is also made with respect to the customers' exit strategy. To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program as well as comprehensive quality assurance sampling procedures. Traditionally, lenders have applied income multiples to determine the maximum amount a loan applicant can borrow. Rather than relying on income multiples, we calculate the loan amount that an applicant can afford on the basis of an assessment of the main components of income and expenditure, including a contingency for unexpected expenditure and a buffer for increases in interest rates. Proof of income, typically in the form of payslips, an employer reference or, in the case of self-employed applicants, an accountant's certificate or SA302, is required. Income and expected expenditure are assessed for both plausibility and sustainability. Applications undergo an automated credit search which, based on certain credit rules, give a 'pass' or 'refer' outcome which provides efficiency in our underwriting of the application while retaining the ability to apply a personalized approach. In addition, we have introduced an automated affordability assessment which uses applicant demographics and default minimums based on the Office of National Statistics pursuant to which certain applications get an automated 'pass' for affordability. 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 purely automated processes in making their lending decisions, we, while adopting certain automation efficiency within our processes, are able to undertake 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 falls outside the underwriter's mandate level, the application is referred to a more senior, appropriately authorized underwriter. The authorized underwriter reviews the loan synopsis, annotating his or her findings and lending rationale.

In certain circumstances, we may require an applicant to seek legal advice before entering into the loan agreement. Such circumstances could include where applicants are non-married relatives (e.g., mother and daughter).

Binding Offer and Funding

Prior to making a binding offer to a customer and subsequently funding a loan, we reconfirm certain elements of the information an applicant has provided. Such reconfirmation includes an electronic identification pass result or verifying signatures on documents across the application and confirming that there have been no material changes to the applicant's employment or main sources of income. In addition, the applicant is contacted by the assigned underwriter for what we call a "Speak With." The Speak With is a final KYC measure, intended to prevent fraud and to ensure the applicant's understanding of the terms and conditions of the loan. During a Speak With, the underwriter asks the applicant a series of questions. The questions verify the personal details that have been previously provided by the applicant and establish that the applicant has a good understanding of the lending transaction. During a Speak With we may also identify vulnerabilities about a customer that were not otherwise apparent during the underwriting process, including the degree to which such customer understands the responsibilities and obligations to be assumed. If the underwriter finds the applicant's responses unsatisfactory, the underwriter refers the application to a supervisor for further review. Applications may also be referred to a more senior underwriter or supervisor if applicants are considered vulnerable to any extent. If the underwriter is satisfied with the applicant's responses during the Speak With, the application is approved for a binding offer by an appropriately mandated underwriter. Prior to making such an offer, our legal department also performs a review of the information in the application, such as land registry information. In certain cases, depending on aspects of the loan, this review may be conducted by external legal counsel. On completion of such prerequisite checks, a binding offer is issued (which, in relation to a property purchase, may remain subject to conditions relating to security of title) and such offer remains valid for between 28 and 90 days, depending on the nature and type of loan or speed of service. Once the customer accepts the offer, we process the loan for funding and completion.

Given the individualized and detailed nature of our review process and given the amount of time that may be necessary to collect all of the information we require to make a lending decision, the underwriting process for a retail purpose loan can take from two to eight weeks.

Commercial Purpose Lending

As of September 30, 2017, 62.1% of our loan portfolio, calculated by value, consists of commercial purpose loans, which are secured on residential, 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 twelve months ended September 30, 2017, 59.4% of the short-term loans were underwritten for first lien property purchase, 19.0% for raising capital and 21.6% for other purposes. In the same period, 38.3% of the medium- and long-term loans were underwritten for capital raising and major purchases, 48.8% for first lien purchases (including buy-to-let properties), 6.4% for remortgages including buy-to-let properties and 6.5% for other purposes. Our short-term commercial purpose loans, such as bridging loans, are for original maturities up to 24 months. Our medium- and long-term commercial purpose loans are for original maturities greater than 24 months up to 30 years. Approximately 48.3% of our commercial purpose loans are short-term loans and approximately 51.7% of our commercial purpose loans are medium- and long-term loans.

Short-term Commercial purpose loans

As of September 30, 2017, 30.0% of our total loan portfolio and 48.3% of our commercial purpose loan portfolio, each calculated by value, consist of short-term commercial purpose loans, which are secured by a mix of residential, commercial and semi-commercial properties.

Purposes

We offer short-term commercial purpose loans to small and medium-sized businesses, high net worth individuals and property investors to assist in bridging the gap between financings or to allow them to capitalize on business and investment opportunities that may require swift funding.

Distribution

In the twelve months ended September 30, 2017 we distributed approximately 60.6% of our short-term commercial purpose loans through direct channels which consist of, *inter alios*, our network of professionals, auction houses, repeat customer base and our direct sales teams. In the twelve months ended September 30, 2017,

we distributed 39.4% of our short-term commercial purpose loans through our brokers which span across the United Kingdom. We have made significant investments in our commercial purpose direct channel distribution capabilities, including the establishment of a new commercial purpose direct sales team in April 2017, focussed on originating more repeat business through our existing customer base. Within the professional sector distribution, our former historic focus on employing a regional development manager in the North West of England is now being replicated across all areas of the UK, with a number of additional regional development manager appointments made over the last two years, typically from previous senior commercial and corporate banking roles, to support such expansion. In addition, we have further expanded our focus on our corporate customer relationships with the appointment of a dedicated Corporate Relationship Director in March 2017.

Brokers

For the twelve months ended September 30, 2017, 39.4% of our short-term commercial purpose lending was sourced from brokers. 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. Currently, commercial purpose lending is not provided through the mortgage networks and clubs.

Network of Professionals

Our network of professionals consists of banking, accounting, legal, wealth management, surveyors and other professional firms that may refer businesses and high net worth individuals with whom they have relationships to us or that may approach us on behalf of their clients. For example, a bank may introduce their customer to us for a bridging loan where such customer has been pre-approved for a loan from the bank, but who may need the funds within shorter timescales than the underwriting process of that bank allows. Similarly, an independent financial advisor may introduce us to a client who is looking for funding to take advantage of a business opportunity. We have established relationships with these professionals in the course of our over 43-year operating history and keep investing heavily in establishing this vast network of professional firms. Professional advisors will generally only introduce their clients to lenders who they trust to look after their clients interest and who have established themselves as a reputable lender. Once a customer has been introduced to us, such customer may come back for future financing requirements, thereby increasing our repeat customer base. The professionals who make recommendations and introductions on our behalf typically receive no commissions or fees for doing so, as we believe that they benefit from meeting their clients' financing needs by making the introduction. Historically, this network of professionals has been more developed particularly in the Northwest of England but we have widened this across the United Kingdom during the last two years through the appointment of a number of additional regional development managers.

Auction Houses

We continue to have strong working and joint marketing relationships with auction houses across the United Kingdom, and with a number of auction professional bodies, such as the National Association of Valuers and Auctioneers and Essential Information Group, who are widely recognized within the auction industry. These relationships support our presence in the auction houses across the United Kingdom in order to offer financing directly to individuals and businesses bidding at the auction, predominantly on residential investment properties. We currently have formal representation at, on average, approximately 40 of the main auctions taking place across the mainland United Kingdom each month. We continue to increase our presence at these auction events through our strong, established reputation in this marketplace, digital initiatives, including our new auction finance section within the Together website and through exclusivity arrangements with key auction houses. Mortgage loans can be approved before (subject to conditions), or after the auction.

Security

As of September 30, 2017, of our short-term commercial purpose loans, 87.4% are secured by first liens and 12.6% are secured by second liens. 48.5% and 51.5% of the properties securing our short-term commercial purpose loans are residential and commercial, respectively. As of September 30, 2017, geographically, 24.1%, 30.3% and 45.6% of the properties securing our short-term commercial purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of United Kingdom, respectively. As part of our underwriting process, we assess each property to determine its value. See "*—Our Operations—Property Valuation*." Additionally, all properties securing our total loan assets are protected by buildings insurance and, pursuant to a change in our policy in 2006, we require properties in our portfolio

securing mortgage loans underwritten since then to also be protected by title insurance where appropriate. In some cases, we may not be able to obtain title insurance or complete coverage due to the specific nature of the property or due to the circumstances of the borrower, such as when the borrower does not have a permanent UK residence. 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 September 30, 2017, the weighted average loan terms for short-term commercial purpose loans was thirteen months. Due to the short-term nature of such loans, in some cases, all or part of the interest is paid on the loan repayment date as opposed to monthly installments. We generally apply an initial term of twelve months and may renew or extend the loan at the end of this period, charging a renewal fee as appropriate. By applying an initial term of twelve months and applying a fee to loans that extend beyond this term, we ensure that we maintain an annual yield on such lending similar to the yield earned on loans that are redeemed within the twelve month period where the amount can be advanced again, incorporating a new arrangement fee. Typically, loans with any interest roll up features within their initial terms convert into interest paying loans upon the approved assessment to renew or extend. Short-term commercial purpose loans that were redeemed in the twelve months ended September 30, 2017 had an average elapsed term of 12.7 months.

Subsidiaries

We offer short-term commercial purpose loans through TCFL. Until recently we also offered short-term commercial purpose loans through AFL, BDFL and HARPL but, as part of our corporate governance review, we have now consolidated the distribution of such short-term commercial purpose loans into TCFL. This process was completed in April 2017. Historically, TCFL and HARPL distributed loans through our established network of brokers and to repeat customers. BDFL historically distributed its loans predominantly through a network of professionals, including repeat customers but such loans are now underwritten by TCFL. AFL historically distributed its loans through auction houses, to repeat customers and through our established network of brokers.

The table below sets forth certain information about the short-term commercial purpose loans offered by TCFL, BDFL, HARPL and AFL as of September 30, 2017.

	Short-term Commercial Purpose Loans	
	Loan portfolio as of September 30, 2017	**Business underwritten in the twelve months ended September 30, 2017 and outstanding as of September 30, 2017**
	(unaudited)	
Weighted Average Indexed LTV	57.6%	57.3%
Average Inception Loan Size	£321.8 thousand	£362.0 thousand
Weighted Average Inception Loan Term	13 months	13 months
Outstanding Balance	£ 713.1 million	£ 491.6 million
Percentage first lien	87.4%	89.5%

Medium- and Long-term Commercial Purpose Loans

32.1% of our loan portfolio and 51.7% of our commercial purpose loans portfolio, each calculated by value, consists of medium- and long-term commercial purpose loans, which are secured by residential, commercial and semi-commercial properties.

Purposes

We offer medium- and long-term commercial purpose loans to small and medium-sized businesses, property investors and individuals for a variety of purposes, including buy-to-let, purchases of other investment properties, releasing equity from existing investment properties and raising capital for businesses.

Distribution

In the twelve months ended September 30, 2017, we distribute approximately 89.5% and 10.5% of our medium- and long-term commercial purpose loans through brokers and direct sales (including repeat customers),

respectively. We are currently focusing on leveraging our new brand with the intention of growing our distribution through direct channels, including our new commercial purpose direct sales team targeting existing and previous customers and with the appointment of a dedicated Corporate Relationship Director. We also distribute a marginal amount of our medium- and long-term commercial purpose loans through our network of professionals.

Security

As of September 30, 2017, of our medium- and long-term commercial purpose loans, approximately 72.0% are secured by first liens and approximately 28.0% are secured by second liens, calculated by value. As of September 30, 2017, approximately 72.0% and 28.0% of the properties securing our medium- and long-term commercial purpose loans are (i) residential (which we refer to as BTL+) and (ii) commercial and semi-commercial, respectively, calculated by value. As of September 30, 2017, geographically, 12.9%, 32.1% and 55.0% of the properties securing our medium- and long-term commercial purpose loans are located in the Northwest region of the United Kingdom, London region and throughout the remainder of United Kingdom, respectively. As part of our underwriting process, we assess each property to determine its value. See "—*Our Operations—Property Valuation*." Additionally, all properties securing our total loan assets in our portfolio are protected by buildings insurance and, pursuant to a change in our policy in 2006, we typically 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 does not have a permanent UK residence. We also accept charges over additional property as security to ensure an acceptable LTV for our medium- and long-term commercial purpose loans.

Terms

Our medium- and long-term commercial term loans have terms of 2 to 30 years. The weighted average loan term for our medium- and long-term commercial purpose loans as of September 30, 2017 was 182 months. Medium- and long-term commercial purpose loans that were redeemed in the twelve months ended September 30, 2017 had an average elapsed term of 39.4 months.

Subsidiaries

We offer medium- and long-term commercial purpose loans principally through TCFL. Until recently we also offered medium- and long-term commercial purpose loans through HARPL but, as part of our corporate governance review, we have now consolidated the distribution of such medium- and long-term commercial purpose loans into TCFL. Until March 20, 2016, we also offered medium- and long-term commercial loans through our subsidiary BFL, which distributed nearly all loans through our established network of brokers. From March 2016, BFL no longer originates any business but continues and will continue to administer its existing loans.

The table below sets forth certain information about the medium- and long-term commercial purpose loans offered by TCFL, HARPL and BFL as of September 30, 2017.

	Medium- and Long-term Commercial Purpose Loans	
	Loan portfolio as of September 30, 2017	**Business underwritten in the twelve months ended September 30, 2017 and outstanding as of September 30, 2017**
	(unaudited)	
Weighted Average Indexed LTV	52.2%	57.3%
Average Inception Loan Size	£102.7 thousand	£121.4 thousand
Weighted Average Inception Loan Term	182 months	171 months
Outstanding Balance	£ 762.0 million	£ 308.0 million
Percentage First lien	72.0%	73.0%

Underwriting Process

Our underwriting process for commercial purpose lending consists of a detailed, individualized credit, affordability and/or repayment assessment similar to that undertaken for retail purpose lending, including similar underwriting guidelines, review processes and KYC measures and other controls. See "—*Retail Purpose Lending—Underwriting*." Notwithstanding, the process differs in certain respects. Commercial purpose lending

applications are channeled into one of three workflow streams. For commercial purpose lending, our affordability assessment can include a review of the individual's income as well as any income an applicant receives from any other sources, such as rental properties, in order to assess the borrower's ability to meet their contractual monthly instalments. Where appropriate, the loan assessment includes a maximum net income/rental income to loan repayment calculation to ensure the continuing ability of the borrower to service the loan. In the case of short-term commercial purpose loans or interest only loans, we also undertake an assessment of the feasibility of the planned exit strategy. The processing stage for these applications is handled by our commercial mortgage processing department. In respect of the underwriting stage, each commercial purpose loan is assigned a dedicated case manager. The case manager monitors the progress of an application through to funding. All loans are approved by a senior manager.

Development Loans

As of September 30, 2017, development loans comprised 4.3% of our loan portfolio. Development loans are loans that we extend to finance the development of land or property primarily into residential units (such as houses, flats and student accommodation) with repayments typically being made out of the sale of the units. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Loan Analysis—Development Loans*."

Property Valuation

In order to assess mortgage applications, we require "open market" valuation reports for property offered as collateral to secure mortgage loans, pursuant to which properties are valued under normal sale conditions. We have a multi-tiered property valuation system for valuing properties: a full RICS valuation, an external valuation and an automated valuation. The type of valuation required is determined by the loan value and estimated LTV. In general, a full RICS valuation is obtained from one of our panel members.

In a full RICS valuation, a RICS-approved surveyor visits the property and examines both the interior and the exterior of the property, in addition to comparing the property with other similarly situated properties. In an external valuation, a RICS-approved surveyor conducts an examination of the exterior and outer boundary of the property, in addition to comparing the property to valuations of other similarly situated properties. Automated valuation models use computer-based statistical modelling provided by external providers to determine the current market value of a property based on statistical data including values of other similarly-located properties, aspects of the property itself and historical pricing data for the property. The choice of valuation depends on the type of property and the size and the LTV of the loan. In the case of our commercial purpose loans, in addition to an open market valuation, we also conduct a "forced sale" valuation, which assume the property must be sold within a limited timeframe. We conduct full RICS valuations for the majority of our loan applications. A real-time automated valuation model is used only for low value and low LTV lending. With respect to loans originated in the twelve months ended September 30, 2017, 84.3% of retail purpose loans and 85.6% of commercial purpose loans were supported by a full RICS valuation. For properties exceeding £1.5 million in value with LTVs in excess of 70% we typically require, particularly in the Commercial Finance division, for the RICS valuation to be reviewed by a second RICS surveyor.

We engage a panel of select property surveyors with many years of experience and with whom we have trusted relationships, in respect of which we have a panel management policy that, among other considerations, looks at the professional qualifications, the level of professional indemnity insurance and performance of surveyors on the panel. We instruct our surveyors to be as conservative as appropriate in assessing properties. Valuations, including those submitted by a broker, must come from our panel and adhere to our criteria, with limited authorized exceptions. All property valuations are reviewed internally to ensure they are accurate and realistic and are actively challenged as appropriate. Additionally, all properties securing our total loan assets are protected by buildings insurance. In some cases, we may arrange for building insurance for borrowers if we are concerned the borrower has not insured the property. Pursuant to a change in our policy in 2006, we also typically 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 does not have a permanent UK residence.

Collection and Arrears Management

We actively manage our collections and arrears book to minimize delinquency levels and credit losses through separate retail purpose loans and commercial purpose loans collection and arrears teams. We employ a variety of

collection strategies, mindful of our regulatory duty to treat our customers fairly, which is embedded in our operational units and monitored through quality assurance reviews, monthly performance reports and a monthly meeting of our Risk Compliance and Conduct Committee in respect of the Personal Finance division and the Conduct, Risk and Culture Committee in respect of the Commercial Finance division. We review certain triggers in the lending cycle to determine whether customers are likely to become less financially stable in the future. These triggers include escalating balances, interest only loans and requests for additional charges. In line with our Treating Customers Fairly methodology, we promote a positive communication culture with our customers. In addition, all of our people are trained to identify and deal with potential vulnerability and we have a dedicated team to support those who are most vulnerable and in need of specific help and support. If customers are experiencing a reduced ability to pay their mortgage loans, we proactively work with them, offering a range of payment and forbearance options, as well as measures appropriate to customers' individual circumstances, including, for example, conducting income and expenditure reviews and providing sales assistance. We work with third-parties to provide additional support to customers with the option to refer customers for direct assistance from such third-parties including Shelter, Citizen Advice Bureau and Money Advice Trust.

Our prudent lending approach means that our customers typically retain equity in their properties, which incentivizes them to engage with us to find appropriate and mutually acceptable payment solutions. We continuously invest in developing a customer relationship management IT platform. During 2016 and 2017, we carried out additional major upgrades to further improve the customer experience and help the collection team work more efficiently. This platform has helped us to improve our collections process. The system allows us to record and track detailed information about our clients and their financial positions, allowing us to better establish the circumstances that are causing payment difficulties and to find the most appropriate sustainable solution to the customer's problems.

Retail borrower accounts are continually reviewed for indications of impairment. After the first missed payment, system-generated letters are automatically sent that inform the customer of missed amounts and include requests for payment or contact. A text message is sent to all our customers with a mobile phone if the direct debit is returned unpaid. In the event of continued financial hardship and inability to make scheduled payments, the matter is escalated to the specialist team, to try to work with the customer to establish an affordable payment plan or alternative solution. We monitor the rate at which our customers adhere to payment plans known as an informal payment plan kept rate ("IPP kept rate"). By measuring this we are able to evaluate the success of our affordability assessments when establishing payment plans.

Our total loan assets have historically had a higher level of arrears than the total loan assets of banks and other mortgage lending companies, due in part to the number of our customers who have irregular incomes such as those who are self-employed. 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 instalments within twelve months of funding decreasing from 4.4% for loans funded in the twelve months ended December 31, 2009 to 0.7% for loans funded in the twelve months ended December 31, 2015. As of September 30, 2017, of our contractual arrears greater than one month's contractual installment, which represented 8.6% of our loan portfolio, excluding repossessed and development loans, calculated by value, of which 60.0% were performing arrears loans.

Repossessions

We review all accounts on a regular basis. As part of our individualized approach, our retail purpose loans and commercial purpose loans collection teams work with each customer to determine if the cause of a payment delinquency is short-term, such as a short illness or temporary unemployment, or long-term and develop a plan based on that determination. Plans may include reduced payment arrangements, reduction in interest rates or assisted sales of the property. For more information about how we work with our clients when payments fall in arrears, see "—*Collection and Arrears Management*." Repossession, which we conduct when a borrower persistently fails to cooperate with us or demonstrates a consistent inability to repay and no improvement is expected, is taken as a last resort. Our right to conduct a repossession is the same irrespective of whether the loan is secured by a first- or second-priority lien. We engage outside parties to conduct repossessions when and as needed. In the twelve months ended September 30, 2017, we conducted 40 repossessions, representing 0.1% of our total loan assets, calculated by value, and placed 89 properties in LPA receivership, representing 0.9% of our total loan assets, calculated by value.

Net Promoter Score

We are committed to delivering excellent services to our customers and seek feedback and monitor performance to apply best practices across our business. We have dedicated customer service teams which have led to increases in customer satisfaction scores.

Our in-house research team measures our NPS score by contacting customers at key touch-points throughout the loan lifecycle. For the period from July 1, 2017 to December 31, 2017, our net promoter score for our personal finance division, which is based on loan servicing metrics, was +42 and for our commercial division, which is based on loan origination scores, was +44. During the same time period, 93% of customers were satisfied with the service they received from us, while 95% of customers stated that we are an easy company to do business with.

Overall Customer Profile

As a result of our efforts, we have a diverse customer base. As at May 31, 2017, our largest group of customers are older working families, who account for 23% of our total customer base and are generally characterized by mostly couples who are employed and whose incomes range from average to well above average who have good savings and investments. The second largest group are those approaching retirement, who account for 16% of our total customer base and are generally couples over 50 years of age with no children at home who are retired or near retirement. The third largest group are high-income professionals, who account for 13% of our total customer base and are generally middle-aged individuals or couples with high incomes in professional careers and substantial investments and savings. The remainder of our customers range from young adults who are still living at home to elderly people who have retired and are receiving lower incomes.

Risk Management

The risk vision and strategy is articulated at the group level. The group is also responsible for setting and approving the risk appetite. The dissemination of this risk appetite in the Personal Finance and the Commercial Finance divisions is implemented through divisional Risk Management Frameworks within the parameters of the group's Risk Management Framework ("RMF"). The group's RMF is implemented to manage risk across the whole group including the support functions of the group which sit outside of the Personal Finance and Commercial Finance divisions. The divisional RMFs are tailored to the risks faced by each division and set out how the divisions manage risk and how the framework is maintained. Where possible, the divisional RMFs leverage the group's RMF experience and skills.

We have implemented an established management framework referred to as the "3 Lines of Defense" model. Under this model, the RMF ensures that appropriate responsibilities and accountabilities for risk management and compliance reside within each line of defense. The first line of defense is focussed on management controls and internal control measures and comprises all managers and staff, including the Chief Executive Officers of the Personal Finance and Commercial Finance divisions and the Chief Executive Officer of the group and operational functions, as well as our operational committees, including the Executive Committees. The second line of defense comprises risk, compliance, legal and financial control functions of the group and each of the Personal Finance division and the Commercial Finance division focussed on the implementation and maintenance of the framework, the Personal Finance and Commercial Finance Credit Risk Committees and the group Executive Risk Committee. The third line of defense includes our internal audit function, our group and divisional Audit Committees and group and divisional Risk Committees, which are all primarily composed of non-executive directors, with various executive directors in attendance.

First Line of Defense

Our first line of defense consists of all front line business and support units within both the Personal Finance and Commercial Finance divisions and at the group level. These units are responsible for identifying, managing and monitoring the risks within their respective business areas, as well as ensuring that the Risk Management Framework is embedded into the business.

The Chief Executive Officers and the Executive Committees of the Personal Finance and Commercial Finance divisions, and the group Executive Committee support the Chief Executive of the group in promoting and maintaining a business culture that is consistent and aligned with high standards of governance and focused on conduct excellence.

Second Line of Defense

Our second line of defense provides oversight, support and challenge to the first line of defense, ensuring risks are assessed in a consistent manner, challenging operational processes and activities and providing specialist knowledge in areas such as compliance or legal.

The second line of defense within the Personal Finance and Commercial Finance divisions includes Credit Risk Committees which help develop our underwriting policies, provide additional oversight of compliance with those policies and monitor our arrears management. The role of the Personal Finance Risk, Compliance and Conduct Committee is to provide executive monitoring and oversight, as well as a further review of all divisional areas of risk, monitoring and reviewing mitigating actions in line with risk appetite. In addition the committee provides leadership in the continued embedding of a positive customer outcomes oriented culture within the division. This committee ensures that positive outcome based principles and standards are embedded in the design, review and amendment of our divisional policies, practices and procedures. The Commercial Finance Executive Risk Committee and the Conduct Risk and Culture Committee together provide this oversight in respect of the Commercial Finance division.

The second line of defense at the group level comprises a dedicated risk business unit, including a financial crime team and information security expertise. The group Executive Risk Committee provides executive monitoring and oversight, as well as a further review of all areas of risk, monitoring and reviewing mitigating actions in line with risk appetite. The group Executive Risk Committee considers activities undertaken at group level including those within the personal finance and commercial finance divisions 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. Additionally, the group Executive Risk Committee approves relevant policies and limits in relation to the key risks we face.

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 Personal Finance Audit and Risk Committees and the Commercial Finance Audit and Risk Committee provides independent oversight and further review of our overall Risk Management Framework and risk appetite at a divisional level, including monitoring our compliance with legal, regulatory and policy requirements applicable to the divisions, assessing the adequacy and effectiveness of our divisional Risk Management Framework and internal controls and monitoring the effectiveness of our internal audits within the Personal Finance and Commercial Finance divisions.

The group Audit Committee monitors the integrity of our financial statements and the involvement of the external auditors at a group level, monitoring internal financial controls in addition to the systems and controls for whistleblowing and detecting fraud. It ensures compliance with accounting policies and provides independent oversight and challenge to financial reporting. It also reviews and assesses the annual internal audit work plan and monitors the scope and effectiveness of our internal audit reports. The group Risk Committee reviews our internal control and risk management systems and provides independent oversight and challenge of the risk management framework and risk appetite. See "*Management—Committees of the Board of Directors of the Company—Audit Committee*."

The RMF provides the structure within which the group's risks and regulatory requirements are identified, assessed and mitigated in a consistent manner. The RMF is aligned to the overall strategy and objectives of the group and is underpinned by a set of principles which define our risk culture and to which we aspire to. Such principles include (i) appropriate tone at the top; (ii) full representation of risk at the group board and executive committee; (iii) collective responsibility for risk as well as dedicated and defined management of risks; (iv) integration of risk management into business activities and functions; (v) effective management and ownership of specific risks; (vi) focus on actual and potential/emerging risks; and (vii) a "fit-for-purpose" risk management function with appropriate skills and experience represented at the right levels of corporate governance.

The objective of the RMF is to ensure we have a consistent basis for measuring, controlling, monitoring and reporting risk that enhances the efficiency and effectiveness of the decision making process. In addition, the

RMF guides the articulation of the group's risk appetite and enables the management of risks in order to maximize the group's value while meeting regulatory and other external requirements. More specifically, the RMF has been established to assist in (i) increasing the likelihood of achieving our strategy and objectives thereby increasing value; (ii) encouraging proactive risk management within defined risk appetite parameters throughout the group; (iii) providing a reliable basis for decision making and planning; (iv) effective allocating and using of resources for risk management; (v) improving operational performance, efficiencies and controls; and (vi) improving loss prevention, incident management and minimize losses.

Financial Crime Control Framework

Our financial crime control framework incorporates policies and procedures relating to anti-money laundering (including customer due diligence), counter-terrorism and fraud prevention and detection. This is supported by mandatory and specific staff training, supervision and monitoring with support and oversight provided by the group financial crime department.

During the course of 2017 we provided additional training to the underwriting teams in particular in relation to higher risk transactions and enhanced due diligence requirements. We have also strengthened the financial crime department in 2017 with an increase in both first line operational staff and the creation of a separate second line financial crime team. The first line team are responsible for undertaking customer due diligence on customers with heightened risk indicators, undertaking transaction monitoring, investigating Suspicious Activity Reports (including reporting to the National Crime Agency if required) and carrying out any fraud investigations. The second line team is responsible for ongoing risk assessments, maintaining the financial crime policies and supporting management information and regulatory horizon scanning. In addition, assurance reviews are regularly conducted by the second line of defense to ensure on-going performance of key financial crime controls.

External Audits on Procedure

Pursuant to the terms of each of the CABS Securitization and the LABS Securitization, external loan book audits have been conducted annually. The Royal Bank of Scotland plc, as agent under the CABS Securitization, and HSBC, as agent under the LABS Securitization, each appoints an external auditor, who is required to provide an agreed upon procedures ("AUP") report on the borrowing base mortgage pools of the CABS Securitization and the LABS Securitization facilities, amongst other things, covering compliance with financial covenants and confirming processing was in line with agreed procedures and parameters. The AUP must include at least a minimum of 30 loans, originated in the preceding 12 months, selected randomly and with sufficient coverage of loan types, including loans in arrears. The number of loans in the last AUPs (both undertaken in July 2017 through to October 2017) for CABS and LABS were 114 and 106, respectively. The AUPs include the testing of various data points against the information we provided in monthly information reports we are required to provide, matching the information contained within our data files and validating that certain specified underwriting procedures have been performed in accordance with stated policy. The AUP also includes a review of the year end covenants and confirms that the figures included within our monthly information reports match our underlying system reports. In addition, a sample of files is selected in respect of which a loss has been incurred in the review period; these loan files are reviewed and comments made highlighting the reason for the loss. Each of the historic reports has been deemed satisfactory by our lenders.

Pursuant to the terms of the DABS Securitization, external loan book reviews are performed by an external verifier appointed by the lender. The external verifier undertakes an independent review of the assets sold to the securitization facility from a quality control perspective. Reviews are performed quarterly and loans are assessed by reference to the commercial underwriting and processing policies as well as reviewing data integrity and file completeness for key documents. The last review was performed in October 2017 from which a sample of 20 loans was selected. Each of the reviews performed as of the date of this Offering Memorandum has been deemed satisfactory by the lender.

Information Technology

Given the individualized nature of our underwriting and collections management processes, and the varied range of products offered, we have chosen to internally develop our core business systems, based upon an external technology platform, to provide custom fit processes and the required flexibility to run our business operations efficiently. These systems are fully integrated with our CRM package, which ensures a consistent and proactive management of the customer experience.

We have developed an enhanced on-line system ("My Broker Venue") which supports application submissions for brokers and for directly sourced business. Bespoke features include direct links to Equifax, Land Registry and Hometrack (valuations) and direct links to in-house systems within our larger brokers (using Application Programming Interfaces or 'APIs'). We also have automated DIP. and affordability rules and the system is tailored to the individual needs of our brokers and customers, with differentiated journeys for our packaging brokers, brokers coming through mortgage networks and clubs, and direct customers. Recent enhancements mean on certain products we are now able to deliver a quote within thirty seconds, a decision in principle within two minutes and the creation of an application within ten minutes.

We have created an Enterprise Data Warehouse ("EDW"), which makes available financial, customer and operational data for flexible end user analytics and reporting, based upon a consistent set of data. The EDW supports production of management accounts and operational dashboards. Most recently we have used the EDW to support data science and machine learning based analysis of operational processes and customer behaviour.

A number of years ago, we successfully outsourced our IT software development to an offshore company with approximately 15% of the external software developers being located on site, further supported by software developers employed by us who work alongside the outsourced capability. This model has been successfully used for over the three years that it has been in operation and has allowed us to scale up resource as and when required while still retaining ownership of software rights. We aim to avoid one-time, large-scale changes and instead implement iterative, regular technology releases while reusing and upgrading our existing capabilities to minimize increases in operational expenditures.

Our infrastructure consists of a highly virtualized environment, which supports rapid system-wide upgrades delivering high levels of availability (99.92% in the year ended June 30, 2017) and scalability up to ten times the current requirements. We use tier 1 suppliers, and have recently fully refreshed our thin client terminal services estate with an architecture designed to support graphically rich applications. Our system has robust anti-virus and firewall protection, and requires that remote devices be encrypted and locked down and data storage be centralized. We run penetration tests on our externally facing systems at least annually. We also mirror our core data to a parallel remote environment which supports disaster recovery and is regularly tested. See "*Risk Factors—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.*

Intellectual Property

In September 2015, we rebranded our operations and consolidated our existing brand names under the "Together" brand. We consolidated the trading names of Together Financial Services and each of our trading subsidiaries into one to become a more recognizable and accessible brand. The brand "Together" represents our passion for working with our customers and business partners.

We rely on copyright and trademark laws, confidentiality procedures and contractual provisions to protect our intellectual proprietary rights. We actively take steps to protect our intellectual property rights when and where we deem appropriate.

Since September 2015, we have marketed the majority of our loans and services under the "Together" trademark. We have retained trademarks related to a number of our existing legacy brand logos, all of which are registered in the United Kingdom.

We have also registered 190 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

We maintain professional indemnity insurance up to a limit of £10.0 million and TPFL, specifically, maintains professional indemnity insurance to meet statutory requirements of, in aggregate, £2.1 million. In addition, we maintain combined public, products and employers liability insurance that provides coverage up to £5.0 million for any one public liability claim, £5.0 million in aggregate products liability claims, £10.0 million for any one employers liability claim, but with a defined limit of £5.0 million for any one employer's liability claim arising from an act of terrorism, as well as certain other insurance policies. We may also maintain buildings insurance in respect of those properties securing loans we have underwritten where the borrower has not evidenced that they have adequate buildings insurance for the underlying security. The cost of buildings insurance is charged to the relevant borrower. We also have in place contingency buildings insurance, which provides cover in the event of an incident in connection with which we can establish that the borrower has failed to maintain their own insurance and we had not been previously made aware of such lack of insurance.

Compliance and Quality Control

We have standalone retail purpose loans and commercial purpose loans and quality control teams.

We undertake compliance monitoring reviews including underwriting, collections, complaints and other thematic reviews which are selected using a risk assessment each year.

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

Underwriters

We undertake regular training of our underwriters, using external providers where there are training requirements outside of our internal capabilities. This includes training staff on regulatory requirements including those required around the Data Protection Act and, as applicable, by the FCA.

Our Quality Managers within our Personal Finance division and Commercial Finance division perform regular file reviews to ensure we are underwriting to the required standards we set. For our commercial purpose lending, all underwriting files are reviewed prior to funding. For our retail purpose lending, we carry out reviews on a random basis both before and after the funding stage. Such reviews include assessments to ensure; all documents are present and correctly completed, adherence to our policies and procedures and a review of each lending decision, considering the underwriter's rational and whether each applicant's circumstances were given adequate consideration. In addition we undertake sample listening to underwriter's calls with the applicants for review and assessment.

If failings are identified, remedial action is taken. This includes re-assessing the underwriters training requirements and establishing an action plan for monitoring and improving the underwriter's performance.

Brokers

Our relationships with brokers are non-exclusive, covered by full contractual and accreditation agreements and are actively managed through our broker relationship team. Brokers can apply to become accredited as "arrangers," "packagers" or be members of partner mortgage networks or clubs. All 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 Intermediary Monitoring team and our risk team, which includes the evidencing of permissions.

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 through our monthly Intermediary Oversight

Committee meeting. 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 Intermediary Oversight Committee, a sub-committee of the Executive Risk Committee for consideration. If fault is found, we may make recommendations to the broker to improve their processes or policies, place the broker under a status of increased scrutiny or terminate our relationship with that broker through our 'unable to trade' list. 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 financial crime department, which decides if the matter needs to be referred to the FCA or to the National Crime Agency.

Regulatory Proceedings

In December 2012, the FSA imposed a financial penalty of £1.2 million on TPFL, a subsidiary within our group that is regulated by the FCA, for certain historical issues between 2004 and 2010, relating to the application of arrears fees and charges and, in a limited number of cases, not sufficiently challenging the assessment of affordability provided by the customer. We established a provision of £3.0 million, most of which has been utilized, to cover redress costs in connection with the fees and charges review and this process is now complete. We established a provision of £2.3 million to cover potential redress costs in connection with the affordability reviews and income and distress payments, the majority of which has now been paid or applied to customer accounts. In addition, as CEO of TPFL, Henry Moser was fined £70,000 as he was deemed, in his capacity as CEO, to be ultimately responsible for the actions of TPFL. Mr. Moser stepped down from his position as CEO of TPFL on June 6, 2013, but remains the CEO of Together Financial Services, and was approved by the FCA to take up the role of a non-executive director of TPFL in July 2014 and of BFL in March 2016. For additional information, see "*Risk Factors—Risks Relating to Our Business—We operate in the financial services sector, which is regulated, and if we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition*."

Legal Proceedings

We currently are, and from time to time in the future may 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. Such claims are often made under the authority of claims management companies or firms that specialize in consumer litigation. We are not currently involved in any material legal, regulatory or arbitration proceedings and, while we have received threats to bring legal proceedings to the best of our knowledge, we do not expect that any such matters will have a material adverse effect on our financial position. While we believe our reserves are adequate, the outcome of legal and regulatory proceedings is extremely difficult to predict and we may settle claims or be subject to judgments for amounts that differ from our estimates.

PPI

In November 2014, the Supreme Court decided in Plevin, that the failure by the lender to disclose to a customer a large commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under section 140A of the CCA. It did not define a tipping point above which the commission was deemed to be "large." The disclosure of such commission was not a requirement of the FSA's (now FCA's) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). The decision has a potential impact on the number of customers of our subsidiaries who may have a claim relating to PPI commission disclosure, mis-selling and the treatment of prior claims.

On November 26, 2015, the FCA published a consultation paper (CP15/39: Rules and guidance on PPI complaints) which set out the FCA's proposals for new rules and guidance on the handling of PPI complaints. In particular, the FCA proposed the introduction of a deadline by which consumers would need to make their PPI complaints or else lose their right to have them assessed by firms or by the FOS. The consultation paper also included proposals for an FCA-led communications campaign designed to inform consumers of the deadline and new rules and guidance on how firms should handle PPI complaints in light of the Supreme Court's decision in Plevin. On August 2, 2016, the FCA published a further consultation paper (CP16/20: Rules and guidance on payment protection insurance complaints: feedback on CP15/39 and further consultation) which set out feedback received on the first consultation paper and the FCA's responses to the feedback, along with further proposals and questions for consultation. The deadline envisaged by the further consultation paper by which consumers

would need to make their PPI complaints would fall two years from the date the proposed rules come into force (i.e. by end of June 2019). The further consultation closed on October 11, 2016 and in March 2017 the FCA published its policy statement on PPI (PS17/3). The final rules impose a deadline of August 29, 2019 for PPI complaints. The FCA has recently launched a publicity campaign to advise potential complainants about the deadline for submitting complaints. This may lead to an increase in complaints and claims as the deadline approaches. Based upon a probability of success matrix and expected claim rates, we have made provisions for these claims, however, there is a risk, depending on the interpretation and application of the judgment generally that our provisions may not be sufficient to cover future claims and we may need to make additional provisions in the future. See "*Risk Factors—Risks Relating to Our Business—We may be required to make payments to customers pending reviews of past lending decisions and business practices in excess of provisions for such payments.*"

Employees

Our organizational and staff values are important attributes of our corporate culture and are carefully cultivated by our senior management. This is embodied through the Together DNA, which consists of our vision, our mission and our beliefs: our vision is to put the common sense into lending; our mission is to turn challenges into opportunities that make our customers' financial ambitions accessible; and our beliefs include the respect for people, delivering positive outcomes, engagement, creating opportunities, providing straightforward solutions, having balanced commerciality and having accountability. We offer development, training and competence programs to our employees to ensure an ongoing corporate culture in line with these values.

For the years ended June 30, 2015, 2016 and 2017, we had an average of 373, 424 and 522 employees. The majority of our employees are based in our offices in 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

We offer retail purpose loans under the "Together" brand through our subsidiary, TPFL (formerly Cheshire Mortgage Corporation Limited), which has full regulatory permissions to offer first charge and second charge mortgages to retail customers.

Until March 21, 2016, we also offered second lien mortgages through our subsidiary BFL, which will continue managing its existing loan portfolio. From March 21, 2016, any new CBTL mortgages are classified as retail purpose loans.

Spot Finance Limited was underwriting a small amount of motor finance loans as part of a pilot program which ceased underwriting new loans in December 2016. Spot Finance Limited continues to hold loans previously underwritten as part of the pilot program.

Within our group of companies, TPFL has full FCA authorization for the following regulated activities: (i) advising on, arranging and making arrangements with a view to transactions in, administering and entering into, as a lender, regulated mortgage contracts; (ii) credit broking; (iii) debt-counselling (not including debt management); and (iv) agreeing to carry on any of the above activities. TPFL is also registered with the FCA as a lender, administrator, arranger and advisor for CBTL contracts. New second charge mortgage lending from March 21, 2016 is originated through TPFL.

As a result of the widening scope of the "regulated mortgage contract" in 2016 under the MCD which is explained below, BFL applied for permission for administering regulated mortgage contracts in relation to its second charge mortgage lending. The FCA issued an authorization letter to BFL and the Financial Services Register was updated on March 21, 2016. As a result, BFL has FCA authorization for the following activities: (i) administering a regulated mortgage contract, limited to second charge mortgages only; and (ii) agreeing to carry on the above activity.

Spot Finance Limited has FCA authorization for the following activities: (i) entering into regulated credit agreement as lender (excluding high-cost short-term credit, bill of sale agreement, and home collected credit agreement); (ii) exercising/having right to exercise lender's rights and duties under a regulated credit agreement (excluding high-cost short-term credit, bill of sale agreement, and home collected credit agreement); and (iii) agreeing to carry on any of the above activities.

As of September 30, 2017, 62.1% of our total loan book represented unregulated commercial purpose loans, 4.3% of our total loan book represented unregulated development loans, 3.2% represented unregulated retail purpose loans, 10.7% represented FCA-regulated first-charge residential mortgages, and 19.7% represented FCA-regulated second-charge residential mortgages. 5.7% and 8.8% of our total FCA regulated residential mortgages are CBTL and Regulated Bridging loans, respectively, which have been included within the above first-charge and second-charge classification, as appropriate. Approximately 30.4% of our business operations are regulated by the FCA.

FCA Regime

The Financial Services Act 2012 contains provisions which (among other things) on April 1, 2013 replaced the FSA with the PRA, which is responsible for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business of all authorized firms, and prudential regulation of firms not regulated by the PRA. The Financial Services Act 2012 also contains provisions enabling the transfer of regulatory authority (including consumer credit regulation) from the OFT to the FCA, which included the regulation of mortgage activity (as explained below). On April 1, 2014, the responsibility for the regulation of consumer credit under the CCA and secondary legislation thereunder transferred from the OFT to the FCA. The FCA now regulates all regulated mortgage contracts (including residential mortgage lending secured by a second or subsequent lien on property) and all contracts that fall within the CCA and imposes specific obligations on mortgage lenders in respect of responsible lending. Certain pieces of secondary legislation made under the CCA, as well as OFT guidance, have been replaced by the FCA Rules, although some pieces of secondary legislation and the CCA remain.

The reformed regulatory framework now comprises the Financial Services and Markets Act 2000 ("FSMA") and its secondary legislation, retained provisions of the CCA and FCA Rules. Under FSMA: (a) the carrying on of

servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules.

The EU directive on credit agreements for consumers relating to residential immovable property, the MCD, was published in February 2014 and it primarily sets the minimum regulatory requirements that Member States are required to meet in order to protect consumers taking out credit agreements relating to residential property. Member States, including the UK, were required to implement the MCD requirements by March 21, 2016. As a result, HM Treasury and the FCA have combined the regulatory regimes for first and second charge mortgages (which were previously covered by the CCA regime) into a single regulatory regime. Furthermore, the UK has introduced a new regulatory framework for CBTL mortgages. See "—*Regulation of Residential Mortgages*." Depending on the relevant regime, non-compliance may result in adverse effects on the enforceability of certain mortgages which may have potential adverse effects for us and could increase associated compliance costs.

The FCA's strategic objective is to ensure that relevant markets function well. The FCA also has three operational objectives:

- to secure an appropriate degree of protection for consumers;
- to protect and enhance the integrity of the UK financial system; and
- to promote effective competition in the interests of consumers for regulated financial services or services carried out by regulated investment exchanges.

Its supervisory approach is outcomes-based and pre-emptive, and focused on delivering its statutory objectives.

When the FCA was created in 2013 it was given an objective to promote effective competition in consumers' interests in regulated financial services. It also has a competition duty. Together, this mandate empowers the FCA to identify and address competition problems and requires it to adopt a more pro-competition approach to regulation. The FCA obtained concurrent competition powers on April 1, 2015. This means that the FCA has powers to enforce the prohibitions on anti-competitive behavior (in relation to the provision of financial services). The FCA also has powers, in relation to the provision of financial services, to carry out market studies, and make market investigation references to the CMA. The CMA, with whom the FCA is described as a 'concurrent' regulator, also has similar powers. Regulated firms should bring their own actual and possible contraventions to the FCA's attention, as they are obliged to do under Principle 11 of the Principles for Businesses in the FCA Rules. A breach of competition law can result in significant fines. These powers are additional to the FCA's ability to use FSMA powers in pursuit of its competition objective. As a result of the FCA's competition objective, the FCA has considered it timely to consider how the mortgage market has developed and whether competition can be improved further to bring greater consumer benefits. To do so, the FCA is currently undertaking a market study on competition in the mortgage sector, and in respect of which, is expected to publish an interim report during the course of 2018 and its final report in the second half of 2018. The market study will examine two areas: (i) whether the available tools (including advice) help mortgage consumers make effective decisions; and (ii) whether commercial arrangements between lenders, brokers and other players lead to conflicts of interest or misaligned incentives to the detriment of consumers. If the FCA concludes that competition is not working well and there is a need to take action, it may intervene to promote effective competition using a number of possible measures including:

- market-wide remedies, such as rule-making, including changing or potentially withdrawing existing rules;
- publishing general guidance;
- proposing enhanced industry self-regulation;
- firm-specific remedies, (including the use of own initiative variation powers or own initiative requirement powers, cancelling permissions, public censure, imposing financial penalties, as well as filing for injunction orders or restitution orders). Where the FCA identify potential infringements of other laws, such as competition law, it may open an investigation accordingly or refer the matter to other enforcement agencies; and
- make a market investigation reference to the CMA for further investigation.

Alternatively, the FCA may decide to take no further action for the time being.

The FCA Rules have been made under powers given to the FCA under FSMA, in accordance with which our regulated retail operations must comply. The FCA Rules include rules that impose, among other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for mortgage lending firms to remain authorized as well as rules on the conduct of business, the fitness and propriety of individuals performing certain functions in our business, and treating customers fairly. The FCA Rules also impose certain minimum capital and liquidity requirements on FCA regulated firms.

The FCA has placed increased emphasis on compliance with the principle that a firm must pay due regard to the interests of its customers and treat them fairly. This was known as the "Treating Customers Fairly ("TCF") initiative" and formed a core part of the move towards principles-based regulation. The TCF obligation requires FCA regulated firms, among other things, to demonstrate that senior management are taking responsibility for ensuring that consumer outcomes relevant to the business are delivered through maintaining an appropriate firm culture and good practice. The FCA has extended the principles of TCF, placing an emphasis on conduct risk. Conduct risk is the risk that detriment is caused to a firm's customers due to the inappropriate execution of business activities. Conduct risk builds on the foundation of TCF and looks at the wider issues relating to how a firm runs and operates its business with the customer's best interests at its heart. In line with this regulatory development, we have transitioned our TCF Committee through to our Personal Finance Risk Conduct and Compliance Committee, which has responsibility for monitoring of culture and conduct risks, providing assurance to the CEO, Executives, the Board and its subcommittees who each have responsibility for conduct risk oversight in accordance with our Risk Management Framework. While Together Commercial Finance is not regulated by the FCA, we endeavour to adhere to regulatory best practice, with oversight provided by the Commercial Finance Conduct Risk and Culture committee.

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

We are committed to our obligations to take reasonable care to establish and maintain effective systems and controls for compliance with applicable requirements and standards under the regulatory system and for countering the risk that it might be used to further financial crime. We focus our attention on building and maintaining adequate policies, procedures, systems and controls to mitigate these risks. We aim to replicate many of the same standards of compliance with the high-level FCA regulations across our commercial operations, proportionate to the nature, scale and complexity of our business.

From March 2016, the FCA's application of the Senior Managers and Certification Regime ("SM&CR") entered into effect for banking firms and Solvency II insurers. The key features of the SM&CR are: (i) an approval regime focused on senior management, with requirements on firms to submit robust documentation on the scope of these individuals' responsibilities; (ii) a statutory requirement for senior managers to take reasonable steps to prevent regulatory breaches in their areas of responsibility; (iii) a requirement on firms to certify as fit and proper any individual who performs a function that could cause significant harm to the firm or its customers, both on recruitment and annually thereafter; and (iv) a power for regulators to apply enforceable rules of conduct to any individual who can impact their respective statutory objectives. In October 2015, HM Treasury announced the government's intention to extend the SM&CR to all sectors of the regulated financial services industry, replacing the "approved persons" regime. Thus, the SM&CR is expected to apply to the regulated entities and approved persons of the group from 2019.

In July 2017 the FCA published consultation paper CP17/25 ("CP17/25") setting out its proposals to apply the SM&CR to almost all firms regulated by the FCA. In CP17/25, the FCA consulted on these proposals, particularly the extent to which the following will apply to firms regulated by the FCA: (i) the senior managers regime; (ii) the certification regime; and (iii) the conduct rules. CP17/25 also sets out a three tier structure of SM&CR obligations whereby the "core regime" proposed in CP17/25 will apply to firms generally, an "enhanced regime" with additional SM&CR obligations will apply to certain "enhanced firms" (which includes, amongst others, firms with annual regulated revenue generated by consumer credit lending of £100 million or more per annum) and a reduced set of requirements for a group of firms the FCA defines as "limited scope." Further to CP17/25, in December 2017 the FCA published consultation papers CP17/40, CP17/41 and CP17/42 which provide details of the implementation (such as transitional arrangements) of the SM&CR set out in

CP17/25 in relation to FCA solo-regulated firms and insurers. With regard to the transition of staff of FCA solo-regulated firms from the approved persons regime to the SM&CR, the FCA has proposed to automatically convert most approved persons at "core" and "limited scope" firms to corresponding senior manager functions and to require "enhanced" firms to submit a conversion notification, a statement of responsibilities and a responsibilities map to effect the transition. Implementing the SM&CR will require significant attention from our management.

Regulation of Residential Mortgages

FSMA and its secondary legislation regulate residential mortgages in the United Kingdom. FSMA prohibits any person from carrying on a "regulated activity" by way of business in the UK unless that person is authorized or exempt (the "General Prohibition"). Under the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 ("RAO"), regulated activities include residential mortgage activities, such as entering into, administering, or advising or arranging in respect of "regulated mortgage contracts." Agreeing to carry on any of these activities is also a regulated activity.

The pre-MCD definition of a regulated mortgage contract in the UK was such that if a mortgage contract was entered into on or after October 31, 2004 it was a regulated mortgage contract under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage on land (other than timeshare accommodation) in the United Kingdom, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. There have been incremental changes to the definition of regulated mortgage contract over time, in particular as introduced by the MCD, as set out in further detail below.

Under FSMA, if a regulated mortgage contract is not made by an appropriately authorized or exempt person, the person is committing a criminal offence, the regulated mortgage contract is unenforceable against the borrower and the borrower is entitled to recover any money or other property paid or transferred by him under the agreement and compensation for any loss sustained by him as a result of having parted with it. It is therefore important that TPFL, BFL and Spot Finance Limited maintain their regulatory authorizations.

The FCA's MCOB sourcebook sets out the FCA's rules for regulated mortgage activities. These rules cover, *inter alia*, certain pre-origination matters such as financial promotions and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, responsible lending, contract changes, charges and arrears and repossessions. The MCOB sourcebook also contains conduct of business standards applicable to mortgage lenders. There are further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages. The MCOB sourcebook's rules also contain provisions encouraging lenders to exercise forbearance and prohibit authorized firms from repossessing a property unless all other reasonable attempts to resolve the position have been considered, including extending the term of the mortgage, changing its type and deferring payments of interest. Other related requirements include an obligation to establish fair internal policies and procedures for dealing with borrowers who have fallen into arrears, the number of direct debits requests that regulated mortgage firms are allowed to make and information that firms must provide to customers who have fallen into arrears on a regulated mortgage contract, record-keeping and requirements to justify a firm's decision as to actions taken in response to a borrower that has fallen into arrears. See also "*—Mortgage Repossession*."

The MCD entered into force on March 20, 2014 and was implemented in the UK on March 21, 2016. The MCD aims to create an EU-wide mortgage credit market with a high level of consumer protection and applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State on residential immovable property, or secured by a right relating to residential immovable property; (b) credit agreements the purpose of which is to finance the purchase or retention of rights in land or in an existing or proposed residential building; and (c) extends the EU Consumer Credit Directive (Directive 2008/48/EC) to unsecured credit agreements the purpose of which is to renovate residential immovable property involving a total amount of credit above €75 thousand. The MCD does not apply to (among others) certain equity release credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees. The MCD requires (among other things): standard information in advertising, standard pre-contractual information, adequate explanations to the borrower on the proposed credit agreement and any ancillary service, calculation of the annual percentage rate of charge in accordance with a prescribed formula, assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The MCD also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

On March 25, 2015, the Mortgage Credit Directive Order 2015 was passed in order to make the necessary legislative changes to implement the MCD into UK law. While certain provisions of the Mortgage Credit Directive Order 2015 came into force before March 21, 2016, the Mortgage Credit Directive Order 2015 took effect for most purposes on March 21, 2016. The FCA also made amendments to its Handbook in order to give effect to the MCD, including the amendment to make consumer buy to let mortgage business subject to the FCA's dispute resolution rules and within the Financial Ombudsman Service's jurisdiction. HM Treasury is obliged, by the end of 2018, to have reviewed the implementation of the MCD and publish a report of its conclusions. The report must in particular—(a) set out the objectives intended to be achieved by the regulatory system established by the Mortgage Credit Directive Order 2015; (b) assess the extent to which those objectives are achieved; and (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

Other key changes also arose from the MCD which impacted both regulated first and second charge retail lending, including the introduction of the new Mortgage Illustration to replace the previous Key Fact Illustration, a new Annual Percentage Rate Charge which replaced the previous APR and takes into account any charges the consumer is likely to incur during the life of the loan, enhanced rules regarding remuneration of staff and brokers, and further enhancements to rules regarding marketing and financial promotions to ensure these are fair, clear, and not misleading. The Mortgage Illustrations may be used until March 2019 (with certain additional information) subject to the transitional provisions in the MCOB sourcebook and from March 2019 a pre-contractual information document in the format of a 'European Standardised Information Sheet' is to be used instead.

Following the UK's implementation of the MCD and commencement of much of the MCD order in March 21, 2016, a contract is a "regulated mortgage contract" under the RAO if (unless otherwise excluded by specific exemptions set out in the RAO including by virtue of the purpose of the loan being wholly or predominantly for business purposes), at the time it is entered into, the following conditions are met: (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which is used, or is intended to be used, (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

The United Kingdom's implementation of the MCD on March 21, 2016, has brought second (and subsequent) charge mortgage regulation under the FCA mortgage regime. The definition of a "regulated mortgage contract" therefore comprises both first and subsequent charge residential secured loans. The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit. The UK government thought that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is a first or subsequent charge, and concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the MCD. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before March 21, 2016 to the regulated mortgage contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA (see "*Regulation—Regulatory Framework*"). The government put in place transitional provisions for existing mortgage loans so that some of the CCA protections in place when the mortgages were originally taken out are not removed retrospectively.

Although the MCD generally only applies to credit agreements entered into on or after March 21, 2016 the UK's implementation of the MCD also operates retrospectively to regulate "consumer credit back book mortgage contracts." Credit agreements originated before March 21, 2016 which were regulated by the CCA and which would have been regulated mortgage contracts had they been entered into on or after March 21, 2016 are defined by the Mortgage Credit Directive Order 2015 as "consumer credit back book mortgage contracts" and therefore constitute regulated mortgage contracts. Among a number of CCA consumer protections retained in respect of consumer credit back book mortgage contracts by the Mortgage Credit Directive Order 2015 is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to March 21, 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was

void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees were retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract was regulated by FSMA under the Mortgage Credit Directive Order 2015 as of March 21, 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those mortgage loans after March 21, 2016. A consumer credit back book mortgage contract may also be subject to the unfair relationship protections described in "—Unfair Contract Terms" and "—*Consumer Protection from Unfair Trading Practices*" below. Certain provisions of the FCA MCOB sourcebook are applicable to consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA Consumer Credit sourcebook and the CCA that are not contained within MCOB. Buy-to-let mortgages are excluded from the definition of "consumer credit back book mortgage contract." This means that if a buy-to-let mortgage was regulated by the CCA (because the amount of credit fell below the relevant financial limit in place at the time of origination and was not otherwise exempt), it will continue to be regulated by the CCA as it is not a "consumer credit back book mortgage contract." Non-compliance with the CCA, MCOB and Mortgage Credit Order 2015 and other applicable regulatory regimes may result in adverse effects on the enforceability of certain mortgages and loans and may consequently affect our business and operations and our ability to make payment in full on the 2024 Additional Notes when due.

The MCD required Member States to develop an 'appropriate national framework' for buy-to-let lending if they chose to exercise discretion afforded by the MCD to not apply the MCD's provisions to their buy-to-let mortgage markets. The UK government has used the option to have a national framework for buy-to-let lending to consumers, as it stated that it was not persuaded of the case for full conduct regulation under the MCD of buy-to-let mortgage lending. The CBTL framework was implemented on March 21, 2016 and is only applicable to consumer borrowers (sometimes referred to as "accidental landlords"), the majority of buy-to-let lending in the UK being to non-consumers. The legislative framework is set out in the Mortgage Credit Directive Order 2015. The Mortgage Credit Directive Order 2015 defines a CBTL mortgage contract as: "a buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of business carried on, or intended to be carried on, by the borrower". It provides that a firm that is an intermediary advises on, arranges, lends or administers CBTL mortgages must be registered with the FCA to do so.

Certain buy-to-let mortgages are still regulated by the CCA because buy-to-let loans only became exempt from CCA regulation on October 31, 2008. Buy-to-let loans originated prior to October 31, 2008, could be regulated by the CCA if the amount of credit was less than the relevant financial limit in place at the time and no other relevant CCA exemption applied. The financial limit for CCA regulation was abolished on April 6, 2008 in respect of all loans except buy-to-let loans. The financial limit of £25,000 in place at the time for CCA regulated loans was not removed for buy-to-let loans until October 31, 2008. Buy-to-let mortgages are not caught by the definition of a "consumer credit back book mortgage contract" and so any buy-to-let loans regulated by the CCA will continue to be regulated by the CCA notwithstanding the implementation of the Mortgage Credit Directive Order 2015. Non-compliance with certain provisions of the CCA may render a regulated credit agreement irredeemably unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance.

If a buy-to-let mortgage is secured on a property occupied by a related person to the borrower (broadly, the borrower's spouse, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse) then it will be a regulated mortgage contract. Otherwise, as described above, buy-to-let mortgages will either be regulated by the CBTL regime or the CCA or will be unregulated. As set out above, TPFL is registered as a Consumer buy-to-let lender, a Consumer buy-to-let administrator, a Consumer buy-to-let arranger and a Consumer buy-to-let advisor.

On September 29, 2016, the PRA issued a supervisory statement setting out minimum standards applicable to certain PRA-regulated firms carrying out buy-to-let lending (as specified in the statement) that are similar to the rules on affordability assessments, and stress testing against future interest rate increases that are already applicable to FCA-regulated firms carrying out regulated mortgage business under the MCOB sourcebook. Although the supervisory statement is applicable to PRA-regulated firms not already subject to FCA regulation, and as such not applicable to us, Together Financial Services has adopted the PRA supervisory statement's

standards on interest cover ratios. From April 1, 2017 the minimum interest cover ratio increased from 120% to 125% for limited companies and basic rate tax payers. The interest cover ratio for higher rate tax payers is 145% and additional tax rate payers is 160%. Together Financial Services has taken a proportionate response in respect of the further requirements that applied to the relevant Firms from September 30, 2017. It is expected in early 2018 that the PRA will consider whether to carry out a thematic review to assess firms' implementation of these requirements. For additional information, see "*Risk Factors—Risks Relating to Our Business—Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition*."

The broking of buy-to-let mortgages is no longer a regulated credit activity. However, as mentioned above, advising on, arranging, lending and administering CBTL mortgages are subject to regulation pursuant to the Mortgage Credit Directive Order 2015. This includes a prohibition on a person carrying out consumer buy-to-let mortgage business unless it is a registered consumer buy-to-let mortgage firm with the FCA.

In 2011, the FSA (as it was then named) began a mortgage market review on mortgage lending ("MMR"). The FSA's published final rules amended existing conduct rules for mortgage lending in the FSA Handbook (the predecessor to the FCA Handbook). The new rules came into effect on April 26, 2014 and included rules on responsible lending (including rules on affordability assessments, stress testing against future interest rate increases and assessments of interest-only mortgages on a repayment basis unless there is a credible repayment strategy), mortgage distribution processes (including the removal of the non-advised sale process), disclosure documents and processes, arrears management and new rules for high net worth customers and business lending. The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (i) in July 2015 published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (ii) it began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. This is in addition to regulatory reforms being made as a result of the implementation of the MCD from March 21, 2016 (see the discussion in relation to the Mortgage Credit Directive Order 2015 above).

In October 2014, the FCA published final guidance which requires mortgage lenders to limit the total number of new residential mortgages at loan to income ratios at or greater than 4.5 times, to no more than 15% of the total number of mortgage lender's new mortgage loans. The limit applies where either of the following conditions are met: (i) in the set of four consecutive quarters ending on June 30, 2014, the lender has entered into regulated mortgage contracts where the sum of the credit provided is or exceeds £100.0 million and the lender enters into 300 or more regulated mortgage contracts; or (ii) during two consecutive sets of four quarters (the first of which ended on June 30, 2014 (rolling quarterly thereafter) and the second of which ended on September 30, 2014 (rolling quarterly thereafter)), a firm has entered into regulated mortgage contracts under which the sum of credit provided in each set of four quarters is or exceeds £100.0 million and the firm has entered into 300 or more regulated mortgage contracts in either of those sets of four quarters. In November 2016, the FCA published a guidance consultation setting out proposed amendments and clarifications to the October 2014 guidance. In February 2017, the FCA published its final guidance on loan to income ratios in mortgage lending. The final guidance (among other things) made the following changes to the October 2014 guidance: (i) adding a clarification exclusion to the effect that the guidance does not apply to regulated mortgage contracts that are not first charge legal mortgages; (ii) applying the limit on a rolling four-quarter basis instead of the previous fixed quarterly limit.

Unfair Contract Terms

As noted above, many of the provisions of the pre-existing statutory regime under the CCA and related secondary legislation will continue to apply to our business and our relationships with consumers, notwithstanding the transition to the FCA and the various new requirements introduced as a result. Although this summary does not purport to provide a full description of all such current or future requirements, a key ongoing area of responsibility for any properly regulated debt collection business arises under the CRA, which entered into force on October 1, 2015 and replaced the UTCCRs, and certain provisions of the Unfair Contract Terms Act 1977 ("UCTA") (as they applied to consumers), and the interaction of the CRA and the CCA. The UTCCRs apply to contracts entered into from July 1, 1995 to September 30, 2015 and the CRA to contracts entered into from October 1, 2015 onwards.

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business,

Innovation and Skills". This advice paper repeated the recommendation from the 2005 Report on Unfair Terms in Contracts that UCTA and the UTCCRs should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms which are indicatively unfair. The Law Commission also recommended that the UTCCRs should expressly provide that, in proceedings brought by individual consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms were included in the CRA.

The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of UCTA and the UTCCRs for contracts entered into on or after October 1, 2015. The CRA has revoked the UTCCRs in respect of contracts made on or after October 1, 2015 and introduced a new regime for dealing with unfair contractual terms as follows:

- Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer. However a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.
- Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract although paragraph 22 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.
- A term of a consumer contract which is not on the "grey list" may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it, provided it is transparent and prominent.
- Where a term of a consumer contract is "unfair" under the CRA it will not bind the consumer (being an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term in relation to court proceedings which relate to a term of a consumer contract. The duty will apply even where neither of the parties to proceedings have explicitly raised the issue of fairness in court proceedings.
- The provisions in the CRA governing unfair contractual terms came into force on October 1, 2015 and the CMA published guidance on the unfair terms provisions in the CRA on July 31, 2015 (the "CMA Guidance"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCRs". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs". In general, the reported case law on the UTCCRs and/or the CRA leaves the interpretation of each open to some doubt. The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any mortgage or loans which have been made to borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying mortgage loans (including in relation to early repayment charges).

Both the CCA and the CRA set out specific requirements for the entry into and ongoing management of consumer credit arrangements.

The FCA rules also contain very prescriptive provisions, set out in the Consumer Credit Sourcebook, along with certain retained provisions of the CCA, around the form and content of regulated consumer credit agreements, as well as rules around the provision of pre and post contractual information and the advertising of consumer credit services.

The CRA contains both generic and specific provisions setting out what constitutes, and the consequences of, unfair relationships and unfair terms.

This legislation applies both to our activities and to those of any initial credit provider with whom we have a relationship. The principal aim of the legislation is consumer protection. These legal requirements oblige creditors, among other things, to:

- provide customers with credit agreement documentation, containing prescribed provisions, at the outset;
- enable customers to obtain copies of credit agreement documentation;
- provide customers with prescribed forms of post-contractual notices at prescribed periods;
- not take certain recovery, collection or enforcement action unless prescribed forms of post contractual notices have been served and a prescribed period of time has elapsed;
- ensure that an "unfair relationship" does not arise between the creditor and the customer during the term of the credit agreement; and
- ensure that their credit agreements do not contain unfair terms (any unfair terms are not binding on the customer).

The "extortionate credit" regime was replaced by an "unfair relationship" test as a result of amendments made to the CCA by the Consumer Credit Act 2006. The "unfair relationship" test applies to all existing and new credit agreements, except regulated mortgage contracts under the FSMA and also applies to (see "*—Regulation of Residential Mortgages*") consumer credit back book mortgage contracts. If a court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the relevant Seller, or any assignee such as the Issuer, to repay amounts received from such borrower. Under the CCA, a customer may request a court to determine whether there has been an "unfair relationship" between the customer and the lender. There are extensive and onerous requirements that apply when such a determination is made, and the burden of proof is on a lender to prove that an unfair relationship does not exist. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's and the lender's conduct before and after making the agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair." However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR. The courts may, but are not obliged to, look solely to the Consumer Credit Act 2006/CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of April 1, 2013, the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. It is also open to a court to make a determination under the CRA as to whether or not a specific contractual term or terms is or are unfair. If a court determines that a contractual term is unfair it is not binding on the customer. The decision in *Plevin* has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

To the extent that the credit agreement is regulated by the CCA or treated as such, the credit agreement is likely to be deemed unenforceable against the debtor if the lender does not hold the required consumer credit license at the point when the agreement is made. A credit agreement may also be unenforceable in whole or in part in cases where the lender fails to comply with certain other prescribed requirements of the CCA in relation to various detailed requirements such as the content and process governing mandatory notices in the event of default under a regulated credit agreement. The UTCCRs and the CRA apply to agreements which have not been individually negotiated, and may affect our ability to seek enforcement of certain terms of its customers' original contracts, such as rights of the lender to vary the interest rate and certain terms imposing early repayment charges and terms which give the lender a unilateral right to vary the contract or interpret any term of the contract.

Importantly, the CRA extends the application of the unfair contract terms regime to voluntary statements. Statements (whether said or written to the consumer) made voluntarily by a firm or its employees that are taken into consideration by the consumer when deciding whether to enter into a contract will now form part of the

contract between the parties. This means that oral statements made by sales teams and financial promotions may form part of consumer contracts. This may also result in an enforcement action by the FCA either for breach of specific CCA or UTCCR/CRA requirements and/or non-compliance with the FCA's TCF or other principles.

On January 12, 2016, the FCA and the CMA entered into a memorandum of understanding in relation to consumer protection (the "MoU") which stated that the CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an appointed representative under FSMA. Further, the MoU stated that the FCA will consider fairness within the meaning of the CRA and the UTCCRs, or standard terms, and the CRA of negotiated terms, in financial services contracts issued by authorised firms of appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO), in the UK. In the MoU "authorised" includes having an interim permission and a "relevant permission" includes an interim permission. This therefore includes contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;
- consumer hire; and
- other credit-related regulated activities.

MCOB rules for regulated mortgage contracts require that, (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from June 25, 2010, the borrower's payments are allocated on first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; and (iii) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On March 2, 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The broad and general wording of the UTCCRs, CCA and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any credit agreements which have been made to borrowers covered by the relevant regime may contain unfair terms which may result in the possible unenforceability of the terms of the underlying mortgage loans (including in relation to early repayment charges).

Consumer Protection from Unfair Trading Regulations

The European Parliament and the Council has adopted a Directive on unfair business to consumer commercial practices (the "Unfair Practices Directive"). Generally the Unfair Practices Directive applies full harmonization, which means that member states may not reduce or exceed the levels of consumer protection established in the areas to which the directive requires full harmonization. By way of exception, the Unfair Practices Directive permits member states to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTR") prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may result in irrecoverable losses on amounts to which such agreements apply. Breach of certain CPUTR provisions is a criminal offence. Further, the Consumer Protection (Amendment) Regulations 2014 has amended the CPUTR so as to give consumers a right to redress for prohibited practices, including a right to unwind agreements.

In addition, the Unfair Practices Directive has been taken into account in reviewing rules under the FSMA. For example, MCOB rules for regulated mortgage contracts from June 25, 2010 (formerly these were matters of non-binding guidance) prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or a product switch, and (b) automatically capitalising a payment shortfall.

Distance Marketing

The UK Financial Services (Distance Marketing) Regulations 2004 apply to credit agreements entered into on or after October 31, 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A regulated mortgage contract under FSMA, if originated by a United Kingdom lender from an establishment in the United Kingdom, is not cancellable under these regulations, but is subject to related pre-contract disclosure requirements in the MCOB sourcebook. Certain other credit agreements are cancellable under these regulations if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information.

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the borrower is liable to pay interest or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security is to be treated as never having had effect for the cancelled agreement. If our mortgages or loans are characterised as being cancellable under these regulations, then there could be an adverse effect our receipts, business and operations.

Mortgage Repossession

In June 2010, the FSA made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as TPFL and BFL) with respect to forbearance in the context of regulated mortgage contracts into mandatory rules. Under these rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant mortgage loan may be subject to as a result.

There is a protocol for mortgage repossession cases in England and Wales which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including TPFL and BFL, have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such a moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements. This may have adverse effects in markets experiencing above average levels of repossession claims.

Financial Ombudsman Service

A number of our regulated entities are subject to the compulsory jurisdiction of the FOS. The FOS provides an additional route to customers bringing a complaint in the courts. The FOS acts as an independent adjudicator of the consumer complaints made to them and is empowered, upon determining a dispute in favor of a customer, to order a firm to pay fair compensation for any loss or damage it caused to the customer, or to direct a firm to take such steps in relation to the customer as the FOS considers just and appropriate, irrespective of whether a similar award could be made by a court. FOS makes a decision based on what is fair and reasonable and good practice rather than strictly on the basis of compliance with the law. Certain claims brought before the FOS attract a fee, which is paid by the business subject to the complaint, whether or not it successfully defends such case.

Data Protection

As a mortgage and secured lending business, we handle personal data and therefore classify as a "data controller." Consequently, we must comply with the requirements established by the Data Protection Act 1998 in relation to processing the personal data of our customers. The Information Commissioner's Office ("ICO") is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data and safeguarding the information rights of individuals and their rights to access their personal data. Any business processing personal data, such as mortgage lenders or debt collection firms, must maintain a data processing registration with the ICO for each of their companies. Our business maintains and processes significant amounts of personal data; therefore, we have a data protection policy and have established data protection processes to comply with the requirements of the Data Protection Act 1998 and the applicable guidance issued from time to time by the ICO, such as the handling of data subject access requests from individuals. The ICO is empowered to impose requirements or stop orders, issue monetary fines and prosecute criminal offenses under the Data Protection Act 1998.

The European Commission has proposed substantial changes to the EU data protection regime, involving replacement by the General Data Protection Regulation (Regulation (EU) 2016/679) (or GDPR), which will apply to all Member States from May 25, 2018. The GDPR will extend the scope of current data protection law. As a data controller, we will be subject to new requirements once the GDPR comes into force. New obligations are also placed on entities that process data "data processors". It is possible that we will be subject to the GDPR both as "data controllers" and "data processors". We will need to comply with and demonstrate our compliance with a set of data protection principles under the GDPR. The principles include, among others, obligations to process data lawfully, fairly and transparently, to collect data for specified, explicit and legitimate purposes, to collect the least amount of data required to fulfil the relevant purpose, to keep accurate and up to date data, to keep data in a form which permits the identification of data subjects for no longer than necessary and to process data in a secure manner. We will also need to ensure that we comply with the specific requirements of the GDPR, which include, among other things, changes to the rules on how consent is provided by data subjects for the processing their data, providing information notices to data subjects about how their data is processed, providing systems for data subjects to access their data, internal audits and impact assessments on our data protection systems and policies and an obligation to notify data breaches. The GDPR also increases the limit of fines that can be imposed as a penalty for a breach of its terms to the greater of 4% of turnover or €20 million. We have been preparing for the implementation of GDPR as a major change project and have engaged with external advisors and consultants to support this process. We have a number of workstreams in progress aligned to the recommendations published by the ICO. While we still await the new legislation which will provide more detail in relation to GDPR, we are taking steps to achieve the required standards by the proposed implementation date in May 2018. See "*Risk Factors—Changes to the ways in which the United Kingdom regulates the loan industry could have a material adverse effect on our business, results of operations and financial condition.*"

Lending Code Standards

TPFL is a member of UK Finance (which has assumed the industry standard making activities of the Council of Mortgage Lenders) and BFL and Spot Finance Limited are members of the Finance Leasing Association and these companies comply with the relevant standards set out by these organizations.

Regulatory Changes

We believe we have successfully implemented the transfer of consumer credit regulation from the OFT to the FCA (see "*Regulation—Regulatory Framework*") through our comprehensive Regulatory Change Program. Furthermore, we submitted authorization applications for the relevant firms of the group in the transition from the interim permissions regime to full FCA authorization, a process which is now complete following the authorisation of BFL and Spot Finance Limited on March 21, 2016 and October 5, 2016 respectively.

We also believe we have successfully implemented the FCA's requirements in respect of the implementation of the MCD (see "*Regulation—Regulation of Residential Mortgages*") and CBTL regimes.

Many of the regulatory obligations set out in this section are based on, or are derived from, EU measures. In June 2016, the UK public voted to leave the EU. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. See "*Risk Factors—Risks Relating to Our Business-The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.*"

MANAGEMENT

Board of Directors of the Issuer

Jerrold FinCo plc is a public limited company incorporated under the laws of England and Wales. 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	68	Director
Gary D. Beckett	49	Director
Marc R. Goldberg	46	Director

Henry N. Moser founded Together Financial Services in 1974 and is responsible for all aspects of the strategic and operational development of Together Financial Services. Mr. Moser has also taken the lead in the recruitment of an experienced executive team to support him and to help manage the business. Mr. Moser has input in all areas of the business, with particular emphasis on the strategic direction of the group and oversight of commercial loan underwriting functions.

Gary D. Beckett joined Together Financial Services in 1994 and was appointed Group Chief Finance Officer in 2001. Prior to his appointment as Group Chief Finance Officer, Mr. Beckett served multiple roles with us, including Financial Controller (1994-2001), Head of Human Resources (1997-2004), Group Operations Director (2000-2001), Group Chief Finance Officer (from 2001), Company Secretary (1998-2008 and 2014-2016) and had oversight of compliance and governance between 2010 and 2013. Before joining Together Financial Services, Mr. Beckett had previously worked on our statutory audit at a national accountancy practice. Mr. Beckett holds a Bachelor of Arts (Honors) degree in Accountancy and Finance and is a qualified chartered accountant.

Marc R. Goldberg joined Together Financial Services in 1989 as an assistant underwriter. Mr. Goldberg was promoted to Underwriting and Product Development Manager in 1995, to Group Sales Director in 1997, to Group Commercial Director in 2009 and to Chief Executive Officer of the Commercial Finance division in January 2016. Mr. Goldberg was appointed to the Board of Directors in 2001.

Board of Directors of the Company

The operational affairs of the group are managed by the Board of Directors of the Company. The Company is a private limited company incorporated under the laws of England and Wales. The following table sets forth the names, ages and titles of the members of the Board of Directors of the Company, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	68	Group Chief Executive Officer
Gary D. Beckett	49	Group Chief Finance Officer(1)
Marc R. Goldberg	46	Commercial Finance Chief Executive Officer
Peter S. Ball	49	Personal Finance Chief Executive Officer
Marcus J.J.R. Golby	47	Group Services Director
Robert M. McTighe	64	Non-Executive Director and Chairman
Wayne Bowser	65	Non-Executive Director
Joseph M. Shaoul	77	Non-Executive Director
Nigel A. Dale	55	Company Secretary

(1) Subject to a short transition period, on February 5, 2018, Gary Beckett will assume the role of Group Managing Director and Chief Treasury Officer.

It is intended that John Lowe will join the Board of Directors of the Company on or around February 5, 2018.

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.

Peter S. Ball joined Together Financial Services in August 2016 as the Chief Executive Officer of the Personal Finance division. Mr. Ball has over 25 years' experience working within the financial services sector having previously served as CEO of Harrods Bank, where he oversaw the rejuvenation of the bank. Mr. Ball's previous roles also include Product and Commercial Director of Virgin Money Group, where he was responsible for sales and financial performance across the entire product range, and Director of Partnerships at MBNA/Bank of America.

Marcus J.J.R. Golby initially joined Together Financial Services on a consultancy basis working closely with the Chief Financial Officer before assuming the role of Group Services Director in January 2016. Mr. Golby has over

15 years' experience in the financial services sector, and has served as Chief Operating Office at RNM Financial, Interim Chief Operating Officer at Harrods Bank, and Customer Services and HR Director at Lifestyle Services Group. He has worked extensively for the HSBC Group where he undertook a number of senior roles including Director of Customer Services & Operations for Marks & Spencer Financial Services Plc, after starting his career at Coopers & Lybrand/PricewaterhouseCoopers. Mr. Golby is also a qualified Chartered Accountant and has a Master of Business Administration (MBA) Degree.

Robert M. McTighe was appointed a Non-Executive Director and Chairman in 2010. In addition Mr. McTighe also acted as interim CEO of the Personal Finance division of Together Financial Services, between October 2015 and August 2016, when Mr. Ball joined the Company as Chief Executive Officer of the Personal Finance division. Mr. McTighe previously held the positions of Chief Executive of the Global Operations division of Cable & Wireless plc and Chief Executive and Chairman of Carrier1 International and was a director of Alliance & Leicester plc. Throughout his career he has held management positions at General Electric, Motorola and Philips. Currently, Mr. McTighe holds directorships at several companies, including Arran Isle Ltd and Openreach, the regulated arm of BT Group plc to which he was appointed as Chairman in January 2017. In the past he has successfully lead the turnaround of a number of companies, such as Pace, Volex Group and certain Lloyds Banking Group distressed debt positions. Additionally, Mr. McTighe was on the board of Ofcom, the independent regulator and competition authority for the UK communications industries, for over eight years until December 31, 2015. Mr. McTighe holds a Bachelor of Science in Electrical Engineering (Honors) from University College, London.

Wayne Bowser joined Together Financial Services in December 2015 as a Non-Executive Director and Chairman of the Audit Committee and the Risk Committee. Prior to joining the Company, Mr. Bowser worked at HSBC where he was deputy head of commercial banking. Mr. Bowser has held non-executive directorships at various leading firms, in sectors including house building, motor dealership and investments. Mr. Bowser is a member of the Chartered Institute of Bankers.

Joseph M. Shaoul was appointed a Non-Executive Director in 1997. Mr. Shaoul has held a number of directorships and consultancy positions, including Managing Director of Hypo Property Services, partner in a large Manchester based law firm, Field Cunningham Solicitors and Zatman & Co Solicitors, and consultant for Svenska Handelsbanken, and a non-executive director of Bridge Insurance Brokers Ltd and UK Land & Property Ltd. Mr. Shaoul has been a member of the Audit Committee, Risk Committee, the Nomination 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.

Nigel Andrew Dale joined Together Financial Services in April 2016 as Company Secretary and General Counsel. Mr. Dale served as a partner at Eversheds for the past 20 years and as head of the firm's banking team in Manchester, and has nearly 30 years' experience since qualifying as a lawyer in 1986. Mr. Dale holds a Bachelor of Law degree (LLB) from Nottingham University.

Management of our Personal Finance and Commercial Finance Divisions

We have continued to enhance our corporate governance structure throughout the year ensuring that the governance structures remain robust and that sufficient resources are established to support growth plans and changes in the regulatory environment.

Pursuant to the review of our corporate governance structure in 2016, separate divisional boards have been established to manage our Personal Finance and Commercial Finance businesses, to enable each board to provide greater focus on the growth of its respective business segment. Each division operates with its own respective board of directors and provides greater executive bandwidth to support the group board, with the Personal Finance board having specific responsibility for our extended FCA regulated businesses. The divisions have been strengthened with the appointment of experienced executive directors to support the Boards. In addition, Personal Finance and Commercial Finance have developed the reporting, controls and committee structures appropriate to each business.

Personal Finance Division Management

The Personal Finance division comprises of TPFL, BFL and Spot Finance Limited, each of which is a private limited company incorporated under the laws of England and Wales. Each has its own Board of Directors, with the same members for all three entities, with the exception of Mr. McTighe, who is not a director of Spot Finance Limited.

The following table sets forth the names, ages and titles of the members of the Board of Directors of TPFL, BFL and Spot Finance Limited as of the date of this offering memorandum.

Name	Age	Title
David J. Bennett	55	Non-Executive Director and Chairman
Ronald Baxter	66	Non-Executive Director
Robert M. McTighe	64	Non-Executive Director
Henry N. Moser	68	Non-Executive Director
Wayne Bowser	65	Non-Executive Director
Peter S. Ball	49	Personal Finance Chief Executive Officer
Gary D. Beckett	49	Group Chief Financial Officer[(1)]
Marcus J.J.R. Golby	47	Group Services Director

(1) Subject to a short transition period, on February 5, 2018, Gary Beckett will assume the role of Group Managing Director and Chief Treasury Officer.

The following is biographical information for each member of the Board of Directors of TPFL, BFL and Spot Finance Limited who does not serve on the Board of Directors of the Issuer or the Company.

David J. Bennett has been appointed as Non-Executive Director and Chairman of the Personal Finance division, having previously served as a Non-Executive Director on the Board of Together Financial Services since 2011. In order to strengthen the independence of the Personal Finance division, Mr. Bennett resigned from his position on the Board of Together Financial Services in January 2016. Mr. Bennett has had a long career in the financial services sector, previously having served as an executive director of Abbey, Cheltenham & Gloucester, Lloyds TSB and the National Bank of New Zealand. Additionally, Mr. Bennett served as Group Chief Executive of Alliance & Leicester from 2007 until its sale to Santander in 2008. His prior non-executive directorships have included easyJet and Bank of Ireland. Mr. Bennett is currently a non-executive director and Chairman of the Audit and Risk Committee of Paypal Europe and is a non-executive director of Ashmore plc and Clydesdale Bank plc. Mr. Bennett holds a Master of Arts from Cambridge University.

Ronald Baxter joined Together Financial Services in March 2016 as an Independent Non-Executive Director in the Personal Finance division and is currently the Interim Chairman of the Audit Committee and the Risk Committee of Personal Finance. With over 30 years' experience within the financial services industry, Mr. Baxter has been a senior advisor at both the PRA and the FCA for over 10 years and has been involved in a wide variety of regulatory initiatives. Mr. Baxter was appointed as an officer of the Guernsey Financial Services Commission in October 2016 and Chairman for Alliance Trust Savings in November 2017. Mr. Baxter is a Fellow of the Charted Insurance Institute and has a Bachelor of Laws (LLB) degree. He is also an Associate of the Chartered Institute of Bankers and has a Bachelor of Science degree in Financial Services.

Commercial Finance Division Management

The Commercial Finance division comprises of TCFL, HARPL, BDFL and AFL, each of which is a privately limited company under the laws of England and Wales. Each has its own board of directors, with the same members for all four entities.

The following table sets forth the names, ages and titles of the members of the Board of Directors of the Commercial Finance division (through each of the four entities listed above) as of the date of this offering memorandum.

Name	Age	Title
Robert M. McTighe	64	Independent Non-Executive Director
Wayne Bowser	65	Independent Non-Executive Director
Henry N. Moser	68	Group Chief Executive Officer
Gary D. Beckett	49	Group Chief Financial Officer[(1)]
Marc R. Goldberg	46	Commercial Finance Chief Executive Officer
Helga C. Wright	48	Commercial Finance Director

(1) Subject to a short transition period, on February 5, 2018, Gary Beckett will assume the role of Group Managing Director and Chief Treasury Officer.

The following is biographical information for each member of the Board of Directors of TCFL, HARPL, BDFL and AFL who does not serve on the Board of Directors of the Issuer or the Company.

Helga C. Wright joined Together Financial Services in March 2016 as the Finance Director for the Commercial Finance division and has over 15 years' experience in the financial services sector. Mrs. Wright most recently

worked at the Co-Operative Bank as Finance Director for 3 years and prior to joining the Co-Operative Bank, Mrs. Wright served as Head of Finance at Lloyds Banking Group for 9 years. Mrs. Wright holds a Bachelor of Arts Degree from Durham University and is a qualified Chartered Accountant.

Senior Management of the Company

The following table sets forth the names, ages and positions of the members of the Company responsible for overseeing key support functions, as of the date of this offering memorandum.

Name	Age	Title
Henry N. Moser	68	Group Chief Executive Officer
Gary D. Beckett	49	Group Chief Financial Officer(1)
Marc R. Goldberg	46	Commercial Finance Chief Executive Officer
Peter S. Ball	49	Personal Finance Chief Executive Officer
Marcus J.J.R. Golby	47	Group Services Director
Nigel A. Dale	55	Company Secretary/General Counsel
Helga C. Wright	48	Finance Director, Commercial Finance
Kevin G. A. Fisher	58	Human Resources Director
Simon Carter	56	Information Technology Director
Brian Jackson	48	Personal Finance Operations Director
John R. Hunt	47	Personal Finance Chief Risk Officer
Paul Wilson	46	Personal Finance Finance Director

(1) Subject to a short transition period, on February 5, 2018, Gary Beckett will assume the role of Group Managing Director and Chief Treasury Officer.

It is intended that John Lowe will join the Company as Group Finance Director on or around February 5, 2018.

The following is biographical information for each of the members of our senior management team who does not serve on the Board of Directors of Issuer of the Company.

Kevin G. A. Fisher joined Together Financial Services 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 Together Financial Services, Mr. Fisher was the founder and director of KGA People Solutions Ltd. Mr. Fisher holds a post graduate diploma and is currently a fellow of the Charted Institute of Personnel and Development.

Simon Carter was appointed as IT Director in January 2014. Mr. Carter previously served as Group Quality and Systems Director on the Executive Board of RAC plc and as an IT Director of Cooperative Financial Services. Prior to joining Together Financial Services, Mr. Carter worked as an independent consultant advising chief information officers of organizations, including TNT Express and Thomas Cook. Mr. Carter holds a Master of Arts from Oxford University and is an alumnus of London Business School.

Brian Jackson joined Together Financial Services in July 2016 as Operations Director for the Personal Finance division. Mr. Jackson joined the group from British Gas where he held various roles, more latterly the Director of Collections and Recovery. Mr. Jackson has previously served in various senior positions at MBNA Bank of America, more recently as Head of Collection, Recovery, Fraud and Credit Operations.

John R. Hunt joined Together Financial Services in June 2016 as the Chief Risk Officer for the Personal Finance division. Mr. Hunt joined Together Financial Services from Nationwide where he held various roles including Director of Compliance Advice, Head of Group Risk for redeveloping Enterprise Risk Management Framework and various credit risk roles. Mr. Hunt has previously worked at GMAC RFC, Capital and GE Capital. Mr. Hunt is also a Qualified Chartered Accountant.

Paul Wilson joined Together Financial Services in January 2018 as the Finance Director for the Personal Finance division. It is the intention that Mr. Wilson will be shortly appointed to the Board of Directors for TPFL, BFL and Spot Finance. Mr. Wilson joined Together Financial Services from Leek United Building Society, where he was a member of the Board of Directors and held the role of Finance Director since July 2014. Previously, Mr. Wilson held various senior roles at the Co-operative Bank, including as Director of Group Finance. Mr. Wilson is a Qualified Chartered Accountant.

Board of Directors of the Company

The board of directors is responsible for setting risk appetite and for setting and overseeing delivery of our strategy within that risk appetite. The board of directors takes into account stakeholder considerations, while

implementing a strong corporate governance framework. The board ensures that we have sufficient resource to meet its objectives and to comply with all legal, regulatory and contractual considerations and ensuring that the correct culture and conduct is embedded within the organization. The board of directors meets a minimum of six times during the year.

The board of directors delegates specific powers for certain matters to committees. All committees of the board of directors operate within defined terms of reference and sufficient resources are made available to them to undertake their duties.

Committees of the Board of Directors of the Company

Audit Committee

Our Audit Committee comprises Mr. McTighe and Mr. Shaoul and is chaired by Mr. Bowser. Mr. Moser and Mr. Beckett are regular attendees of the Audit Committee, along with the external audit lead partner, the Head of Internal Audit and the Company Secretary. The Audit Committee responsibilities includes monitoring the integrity of our financial statements and the involvement of the external auditors, monitoring internal financial controls and the systems and controls for whistleblowing and detecting fraud, ensuring compliance with accounting policies and providing independent oversight and challenge to financial reporting. It also reviews and assesses the annual internal audit work plan and receives reports on the results of their findings. It formally reports to board on proceedings within its duties and responsibilities making recommendations on any area within its remit where action is required. The committee meets a minimum of four times during the year.

Risk Committee

Our Risk Committee comprises Mr. McTighe and Mr. Shaoul and is chaired by Mr. Bowser. Mr. Beckett, Mr. Goldberg, Mr. Ball and Mr. Golby are regular attendees of the Risk Committee, along with the Head of Group Risk Framework, the Money Laundering Reporting Officer and the Company Secretary. The Risk Committee responsibilities include reviewing our internal control and risk management systems, ensuring compliance with legal, regulatory and contractual requirements, and providing independent oversight and challenge of the risk management framework and risk appetite. The Risk Committee formally reports to the Board of Directors on proceedings and makes recommendations on any area within its remit where action is required. The Risk Committee meets a minimum of four times during the year.

Reporting directly into the Risk Committee, with its own delegated powers and responsibilities, is the Executive Risk Committee ("ERC") see "*Business—Risk Management—First Line of Defense*."

Nomination Committee

Our Nomination Committee is comprised of Mr. Moser, Mr. Shaoul and Mr. Bowser and is chaired by Mr. McTighe. Mr. Beckett, Mr. Fisher and the Company Secretary are regular attendees of the Nomination Committee. The principal objective of the Nomination Committee is to support the Board of Directors by ensuring there is a formal, thorough and transparent procedure for the appointment of directors and senior management roles. Its duties include considering and making recommendations to the board in respect of appointments to the Board of Directors and the committees of the Board of Directors, determining policy governing the structure, size and composition of the board, including with respect to skills, knowledge and experience, ensuring that appropriate succession planning is in place and providing that appropriate individuals are identified and nominated to fill vacancies as and when they arise. The Nomination Committee formally reports to the Board of Directors after each meeting on matters within its duties and responsibilities. In addition, the committee makes recommendations to the Board of Directors on any area within its remit where action is required. The Nomination Committee meets at least twice during each year.

Remuneration Committee

Our Remuneration Committee is comprised of Mr. Moser, Mr. Shaoul and Mr. Bowser and is chaired by Mr. McTighe. Mr. Beckett, Mr. Fisher and the Company Secretary are regular attendees of the Remuneration Committee. The principal objective of the Remuneration Committee is to support the Board of Directors by ensuring there is a formal, comprehensive and transparent procedure for developing and implementing policy on remuneration for senior management and for determining the remuneration packages of individual directors. Its duties include setting the principles and parameters of the group's remuneration policy and determining the

individual remuneration and benefits package of the executive directors and senior managers within an appropriate framework where rewards for enhanced performance are fair and incentivize the correct behavior. The remuneration of the non-executive directors is a matter for the Chief Executive Officer, the Chairman and the shareholders. The remuneration of the Chairman is a matter for the Chief Executive Officer and the shareholders. The Remuneration Committee formally reports to the Board after each meeting on matters within its duties and responsibilities. In addition the committee makes recommendations to the Board on any area within its remit where action is required. The committee meets at least three times during each year.

Compensation of Directors and Senior Management

The aggregate salary and fees, performance-related remuneration and bonuses, pension contributions and other benefits paid to the directors and senior management listed under "*—Board of Directors of the Company*," "*Personal Finances Division Management*," "*Commercial Finance Division Management*" and "*—Senior Management of the Company*" (including all associated tax and national insurance) in the year ended June 30, 2017 was £7.1 million.

Share Ownership

Henry Moser, our Chief Executive Officer, controls directly or indirectly and, together with the D.L. Moser 1995 Family Settlement No1 Trust, all of the shares of the Issuer. For further details, see "*Shareholders*."

Management Incentive Plan

The senior management share incentive plan and the senior management share option incentive plan are referred to as the "Management Incentive Plan."

Senior Management Share Incentive Plan

In January 2015, we introduced a senior management share incentive plan with respect to the shares of the Company (the "Senior Management Share Incentive Plan"). The D Shares were issued to 18 individuals, under an employee share plan, each waiving their voting rights attached to the shares and certain statutory employment rights. These shares have a right to be included in any sale of the Company's share capital where the sale of shares represents more than 25% of the voting shares of the Company on a cumulative basis. The shares can also be compulsory repurchased or transferred by the Company under certain specific circumstances, such as upon the relevant employee's departure from the Company. Since issuance of the D Shares, five recipients have since left the Company and their shares have been transferred to the EB Trust. The Exit Transactions resulted in a partial realization of the Senior Management Share Incentive Plan.

Senior Management Share Option Incentive Plan

In January 2015, we introduced a senior management share option incentive plan with respect to the shares of the Company. Class E ordinary shares of the Company options were issued to 18 individuals. The options are exercisable where 25% of the share capital of the Company is sold on a cumulative basis, subject to certain conditions. The options can be cancelled by the Company under certain specific circumstances, such as upon the relevant employee's departure from the Company. Since issuance of the Class E share options, five recipients have since left the Company and their corresponding options have been cancelled.

New Senior Management Share Incentive Plan

A New Management Incentive Plan is expected to be established either through the PIK Notes Issuer or a direct or indirect parent company of the PIK Notes Issuer pursuant to which it is expected that shares will be issued to certain members of the group's management.

Staff Incentive Plan

In July 2014, we introduced a staff incentive plan (the "Staff Incentive Plan"). Under the Staff Incentive Plan, qualifying employees who had at least twelve months of continuous service were eligible for a cash payment upon the occurrence of a "major corporate transaction," as determined by the Board of Directors and shareholders. The Exit Transactions constituted a "major corporate transaction" for the purposes of the Staff Incentive Plan, resulting in eligible participating employees being entitled to receive up to £8.4 million in two

instalments over 18 months following the Exit Transactions, subject to vesting. The payment is completely taxable. The first payment was made in December 2016, amounting to 50% of the total cash payment initially accrued under the plan, with the remainder due in June 2018, subject to continued employment by the eligible employees.

New Staff Incentive Plan

We are currently evaluating a new staff incentive plan to be established after the Issue Date.

SHAREHOLDERS

The Company (Together Financial Services Limited) is the sole shareholder of the Issuer, holding 100% of the Issuer's issued and outstanding shares. The Company has various classes of ordinary shares in issue: A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares along with E ordinary shares which are authorized but not issued and form a senior management share option scheme. The A ordinary shares are of 50 pence par value each. The B ordinary shares are of 49.9 pence par value each. The C ordinary shares, D ordinary shares and E ordinary shares are of 1 pence par value each. The A ordinary shareholders, B ordinary shareholders and C ordinary shareholders are entitled to vote. The D and E ordinary shareholders have waived their voting rights. All of the voting shares of the Company are directly owned by Bracken Midco2 Limited and are indirectly owned by the Moser Family Shareholders.

The Exit Transactions

On November 2, 2016, the Company, Henry Moser and the D.L. Moser 1995 Family Settlement No1 Trust (together, the "Moser Family Shareholders") and Equistone and Standard Life Investments (together, the "Funds") entered into a share purchase agreement pursuant to which the Moser Family Shareholders indirectly acquired the equity interest held by the Funds in the Company for a total consideration of £286.5 million (including £12 million repayment of Original Subordinated Shareholder Loan notes held by the Funds). In connection with the exit by the Funds (the "Exit"), a series of holding companies was incorporated above the Company (the "Corporate Reorganization"). Following the exit by the Funds and the Corporate Reorganization, the Moser Family Shareholders indirectly own 100.0% of the share capital of the PIK Notes Issuer and own indirectly 100.0% of the voting shares of the Company.

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. As part of the Exit Transactions, we have entered into various transactions with existing and former shareholders in connection with the Exit. The following discussion is a brief summary of certain material arrangements, agreements and transactions we have with related parties.

Ordinary Course Business Transactions

Bracken House Properties LLP

Bracken House Properties LLP, a company owned by the Moser Family Shareholders, owns the building in which we lease our offices located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom. Our Lake View lease, which is for a term of 15 years and contains a 10-year break clause, commenced on March 1, 2012, with a rent-free period through July 31, 2012. For the year ended June 30, 2017 and the three months ended September 30, 2017, rent and services fees paid by us to Bracken House Properties LLP amounted to £1,071,060 and £267,460, respectively. We are currently renegotiating the lease of our offices located at Lake View.

We are also currently negotiating a lease with Bracken House Properties LLP for a building located adjacent to our current offices.

Centrestand Limited

Centrestand Limited is a property holding company of which 50% of the shares are owned by Henry Moser. We collect rents and pay service charges and costs on behalf of Centrestand Limited. For the year ended June 30, 2017, and the three months ended September 30, 2017, property management fees paid by us on behalf of Centrestand Limited amounted to £14,129 and £nil, respectively.

Charles Street Commercial Investments Limited

Charles Street Commercial Investments Limited is a company owned by Henry Moser. We refer to Charles Street Commercial Investments Limited potential borrowers to whom we cannot lend, for various reasons, including for falling outside our lending criteria. In addition, for loans referred to Charles Street Commercial Investments Limited, we carry out the relevant underwriting process and collections and arrears management activities. The transactions are carried out on an arm's length basis. Historically, these transactions have been entered into on a case-by-case basis. We are currently in the process of negotiating a framework agreement between Charles Street Commercial Investments Limited and Together Financial Services Limited.

Sterling Properties Co Limited

Sterling Properties Co Limited, a subsidiary of Bracken House Properties, provides property management services to us for the properties we repossess or place into LPA receivership. See "*Business—Our Operations—Repossessions and LPA Sale*." For the year ended June 30, 2017, and the three months ended September 30, 2017, property management fees paid by us on behalf of Sterling Properties Co Limited amounted to £91,426 and £15,048 respectively.

The Blemain Finance Pension Fund

The Blemain Finance Pension Fund, of which Henry Moser, our Chief Executive Officer is a trustee, operates a defined pension contribution scheme for Blemain Finance Limited, a wholly owned subsidiary of the Company. Henry Moser is one of two beneficiaries of the Blemain Finance Pension Fund. No contributions have been made to the Blemain Finance Pension Fund since 2004.

Related Party Loans

Prior to 2008, we entered into three loan transactions with companies owned by Henry Moser as borrowers on commercial terms. As of September 30, 2017, these loans represented 0.5% of our total loan assets.

Original Subordinated Shareholder Loan Notes

In the past, we issued the Original Subordinated Shareholder Loan Notes of £60.0 million to our shareholders, the proceeds of which we used to fund in part our total loan assets. Of the Original Subordinated Shareholder

Loan Notes, £40.0 million was due to D.L. Moser 1995 Family Settlement No1 Trust, a trust for the family of Henry Moser, £8.0 million was due to Henry Moser, £9.9 million was due to Equistone Partners Europe (our former shareholder) and £2.1 million was due to Standard Life Investments (our former shareholder). The Original Subordinated Shareholder Loan Notes were repaid as part of the Exit Transactions and partly replaced with Novated Shareholder Loan Notes. See "*Shareholders—The Exit Transactions.*"

Novated Shareholder Loan Notes

As part of the Exit Transactions, the Company issued £43.0 million of shareholder loan notes which were novated to Famco (the "Novated Shareholder Loan Notes"). In exchange for the novation, the Company, Midco2, the PIK Issuer, Topco and Famco entered into intercompany loans by virtue of which the Company, Midco2 and the PIK Issuer each borrowed £43.0 million from Midco2, the PIK Notes Issuer, Topco and Famco, respectively. See "*Shareholders—The Exit Transactions.*"

Subordinated Shareholder Funding

As part of the Exit Transactions, Midco2 lent the Company £43.0 million in connection with the novation of the Novated Shareholder Loan Notes (the "Shareholder Loan Notes Novation Intercompany Loan"). The Shareholder Loan Notes Novation Intercompany Loan matures in 2036 and is interest free. As part of the Exit Transactions, Midco2 also lent the Company £17.0 million in connection with the partial repayment of the Original Subordinated Shareholder Loan Notes (the "Shareholder Loan Notes Repayment Intercompany Loan"). The Shareholder Loan Notes Repayment Intercompany Loan matures in September 2024 and is interest free. Lastly, Midco2 lent the Company £8.1 million in connection with the Staff Incentive Plan and certain expenses of the Company in connection with the Exit Transactions (the "Other Shareholder Indebtedness Intercompany Loan"). The Other Shareholder Indebtedness Intercompany Loan matures in September 2024 and is interest free.

The Shareholder Loan Notes Novation Intercompany Loan, the Shareholder Loan Notes Repayment Intercompany Loan and the Other Shareholder Indebtedness Intercompany Loan are referred to as "Subordinated Shareholder Funding." The Subordinated Shareholder Funding constitutes "deeply subordinated shareholder indebtedness" for the purposes of the Indenture.

For the purposes of inclusion within the consolidated financial statements, the Subordinated Shareholder Funding is classified as financial liabilities initially recognized at fair value. As the Subordinated Shareholder Funding is interest free, the initial fair value, which is estimated by discounting the related expected future cash flows, is lower than the nominal value. The difference between the nominal value (totalling £68.1 million) and the initial fair value (totalling £22.0 million) is deemed to be a capital contribution and represents a non-distributable reserve in total equity (as per our consolidated financial statements). As the Subordinated Shareholder Funding approaches maturity, the amortization of the fair-value discount is recognised in the income statement as an interest expense with a corresponding transfer to reduce the related non-distributable reserve.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

2021 Notes

General

On October 13, 2016, the Issuer issued £375.0 million 6 $^{1}/_{4}$% 2021 Notes due 2021 (the "2021 Notes"). The offering was not subject to the registration requirements of the U.S. Securities Act. The 2021 Notes are governed by an indenture entered into by, *inter alios*, Jerrold FinCo plc as issuer, Deutsche Trustee Company Limited as trustee, the Company as parent guarantor and the 2021 Notes Subsidiary Guarantors (defined below) as guarantors.

Maturity and Interest

The 2021 Notes mature on September 15, 2021. The 2021 Notes bear interest at a rate of 6.250% per annum and the Issuer pays interest on the 2021 Notes semi-annually in arrears on March 15 and September 15 of each year.

Ranking

The 2021 Notes are the senior secured obligations of the Issuer and 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 of the 2021 Notes. The 2021 Notes rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment of the 2021 Notes.

The 2021 Notes are guaranteed on a senior secured basis by the Company and each of the following subsidiaries of the Company: Blemain Finance Limited, Together Personal Finance Limited, Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Together Commercial Finance Limited, Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.Co.Uk Limited, Auction Finance Limited, and Jerrold Holdings Limited (formerly Together Financial Services Limited) (the "2021 Notes Subsidiary Guarantors" and, together with the Company, the "2021 Notes Guarantors"). The guarantees rank senior in right of payment to the respective 2021 Notes Guarantor's future debt that is expressly subordinated in right of payment to such guarantee and rank *pari passu* in right of payment with the respective 2021 Notes Guarantor's existing and future debt that is not so subordinated, including such 2021 Notes Guarantor's obligations under the Revolving Credit Facility.

Subject to the terms of the Intercreditor Agreement, secured indebtedness up to an amount equal to 10% of the aggregate principal amount of senior secured non-securitization indebtedness (excluding senior secured non-securitization indebtedness that receives priority status) and hedging obligations may receive priority over the holders of the 2021 Notes with respect to any proceedings received upon any enforcement action over the collateral.

The 2021 Notes are secured by first-priority fixed and floating security interests in:

- all of the issued capital stock in the Issuer and each 2021 Notes Subsidiary Guarantor; and
- substantially all of the existing and future property and assets of the Issuer and the 2021 Notes Guarantors, including all real property, book debts, bank accounts, investments, uncalled capital and goodwill, intellectual property, plants and machinery and insurances and all related proceeds, claims of any kind, returns of premium and other benefits, other than collection accounts (but excluding assets of the Securitizations).

The 2021 Notes are also secured by an assignment of the proceeds loan from the Issuer to the Company with respect to the proceeds of the 2021 Notes. The 2021 Notes and the guarantees thereof may, subject to certain agreed security principles and limitations under applicable law, be released under certain circumstances.

Redemption

At any time on or prior to September 15, 2018:

- the Issuer may redeem some or all of the 2021 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a make-whole premium; and

- the Issuer may redeem up to 40% of the aggregate principal amount of the 2021 Notes at 106.250% plus accrued and unpaid interest with the proceeds of certain equity offerings, provided that at least 60% of the aggregate principal amount of the 2021 Notes remains outstanding.

The Issuer may redeem the 2021 Notes in whole, but not in part, at any time, if, as a result of certain changes in tax law the Issuer is or would be required to pay additional amounts with respect to the 2021 Notes. If the Issuer decides to exercise such redemption right, it must pay a price equal to 100% of the principal amount of the 2021 Notes plus interest and additional amounts, if any, to the date of redemption.

On or after September 15, 2018, the Issuer may redeem some or all of the 2021 Notes at 103.125% of the principal amount plus accrued and unpaid interest, if any. On or after September 15, 2019, the Issuer may redeem some or all of the 2021 Notes at 101.563% of the principal amount plus accrued and unpaid interest, if any. On or after September 15, 2020, the Issuer may redeem some or all of the 2021 Notes at 100% of their principal amount plus accrued and unpaid interest.

Change of Control and Asset Sale Offers

If an event treated as a change of control occurs, then the Issuer may be required to make an offer to repurchase the 2021 Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

In the event of certain asset sales, after which the proceeds are not reinvested in the form envisaged by the 2021 Notes Indenture and as a result of which such proceeds exceed £20.0 million, the Issuer is required to make an offer to repurchase the 2021 Notes at 100% of their principal amount.

Dividends

Under the terms of the 2021 Notes Indenture, the Company may not declare or pay a dividend (in cash or in kind) other than:

- a dividend in an amount not exceeding (i) 50% of the aggregate of the consolidated net income of the Company and its subsidiaries from the period commencing July 1, 2013 to the end of the Company’s most recently ended fiscal quarter; plus, *inter alia*, (ii) 100% of any additional equity contributed to the Company in cash since July 1, 2013; less (iii) any such prior dividends. No such dividend or similar payments may be made where (i) on a pro forma basis, the Company and its restricted subsidiaries would be not able to incur an additional £1.00 of indebtedness without the ratio of the Company’s consolidated EBITDA (as defined in the Indenture) to the Company’s fixed charges (excluding fixed charges related to the Securitizations) exceeding 2.00 to 1.00; or (ii) a Default or Event of Default has occurred and is continuing or would occur thereby pursuant to the 2021 Notes Indenture; or
- pursuant to customary carve outs, including a “general basket” of up to £30.0 million.

Events of default

The 2021 Notes Indenture contains customary events of default, including, without limitation, payment defaults, incurrence covenant defaults, breach of other obligations set forth in the 2021 Notes Indenture, the Intercreditor Agreement or any security document with respect to the 2021 Notes after a 60 day grace period, certain cross-defaults to mortgages, indentures or other instruments in relation to indebtedness aggregating £30.0 million or more not being paid prior to the expiration of the grace period provided in the agreements related to such indebtedness or such indebtedness becoming due and payable before its specified maturity, failure to pay final judgments in excess of £30.0 million, any guarantees under the 2021 Notes being found to be unenforceable or invalid, breach of any material representation or warranty or agreement in the security documents securing the 2021 Notes or the unenforceability of the security documents securing the 2021 Notes (subject to certain limitations and grace periods), certain insolvency, winding-up or related events, the occurrence of which, with respect to certain events of default, would result in the 2021 Notes becoming due and payable or, with respect to certain other events of default, would allow noteholders to declare the 2021 Notes due and payable.

Covenants

The 2021 Notes Indenture contains covenants for the benefit of the holders of the 2021 Notes that, among other things, limit the ability of the Issuer and the Company and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;

- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain security interests;
- impose restrictions on the ability of the Company's subsidiaries to pay dividends or make other payments to the Issuer;
- transfer, lease or sell certain assets, including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- impair the security interests for the benefit of the holders of the 2021 Notes.

These limitations are, however, subject to a number of important qualifications and exceptions. If the 2021 Notes are assigned an investment grade rating by Standard & Poor's and Fitch Ratings and no default has occurred and is continuing, certain covenants, including those governing the incurrence of debt and the limitation on restricted payments, will be suspended.

Revolving Credit Facility

We entered into a revolving credit facility on November 9, 2007, as amended and restated on August 28, 2012, as amended and restated on September 27, 2013, as amended and restated on July 28, 2014, as amended and restated on August 27, 2015, as amended on January 11, 2016, as amended and restated on November 2, 2016, as supplemented by a consent letter dated February 13, 2017 and as amended and restated on 5 June 2017 and as may be amended from time to time (the "Revolving Credit Facility"), with, *inter alios*, certain of our subsidiaries as borrowers, certain of our subsidiaries as guarantors and Barclays Bank PLC, Credit Suisse AG, London Branch, HSBC Bank plc and The Royal Bank of Scotland plc as mandated lead arranger. The Revolving Credit Facility consists of a sterling-denominated revolving credit facility with a total commitment, as of January 2018, of £57.5 million and in addition there is an accordion facility, the commitments of which shall not be provided on more than three occasions. As of September 30, 2017, the drawn amounts pursuant to the Revolving Credit Facility were £nil. The Revolving Credit Facility expires on June 15, 2021. Borrowings under the Revolving Credit Facility are available to fund general corporate and working capital purposes of the borrowers and guarantors (but cannot be used towards acquisitions of companies, businesses or undertakings or prepayment, repayment, purchase defeasance or redemption or any HY Liabilities (as defined under "*—Intercreditor Agreement*") and Liabilities under and in respect of certain overdraft arrangements.

Repayments and Prepayments

Repayments of loans drawn under the Revolving Credit Facility and related interest payments are due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be one, two, three or six months. An interest period shall not extend beyond the Revolving Credit Facility expiry date.

Additionally, if there (i) is a change of control (under either the Revolving Credit Facility or the Notes), (ii) the D.L. Moser 1995 Family Settlement No1 Trust or another trust of the Moser Family Shareholders under certain conditions is terminated, or (iii) it becomes unlawful in any jurisdiction for a lender to perform their obligations, the lenders under the Revolving Credit Facility have the right to cancel their commitments and declare all outstanding amounts immediately due and payable.

Interest

Loans under the Revolving Credit Facility bear interest at a rate equal to the aggregate of LIBOR and a margin of 3.00% per annum.

Guarantees and Security

The Revolving Credit Facility is irrevocably and unconditionally jointly and severally guaranteed by the Issuer and each of the Guarantors and secured by charges over the collateral securing the Notes.

Representations

The Revolving Credit Facility requires all of the borrowers and guarantors to make a number of customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated at certain times), including but not limited to, status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law, deduction of tax, sanctions and anti-corruption laws.

Covenants

The Revolving Credit Facility contains certain maintenance, positive, negative and incurrence covenants. The incurrence covenants largely follow those set forth in the section entitled "*Description of Notes—Certain Covenants*," subject to certain agreed exceptions. In addition, the Revolving Credit Facility contains a notes purchase condition (see "*—Notes purchase condition"*).

The Revolving Credit Facilities Agreement also requires the Company and each guarantor and/or borrower to observe certain affirmative covenants, including, but not limited to obtaining all necessary authorizations, change of business, environmental compliance, pari passu ranking and compliance with sanctions, anti-corruption laws and anti-money laundering laws.

The incurrence covenants under the Revolving Credit Facility will be suspended upon the 2021 Notes and 2024 Existing Notes, and the 2024 Additional Notes and any other high yield senior secured notes obtaining a rating of "BBB-" or better by Fitch and "BBB-" or better by S&P (or, if either such entity ceases to rate such 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) provided that no default has occurred and is continuing at such time. Upon loss of such status the incurrence covenants would re-apply to the Company and each other borrower and guarantor.

The Revolving Credit Facility contains an information covenant under which, among other things, the Company is required to deliver to the Agent annual financial statements, quarterly financial statements and compliance certificates.

Financial Covenant

The Revolving Credit Facility requires the Company to ensure the consolidated senior secured gearing ratio (calculated as secured non-securitization financial indebtedness of the restricted subsidiaries on a consolidated basis (less any cash and cash equivalents) as a percentage of the non-securitization secured property loans held by the restricted subsidiaries (determined as total loans and advances to customers as reported under accounting principles excluding any such principal amounts held by a guarantor or borrower under any qualified securitization financing) is equal to or less than 75% at all times.

Compliance is to be tested quarterly and in limited circumstances the Company has the ability to cure a breach of the covenant.

Note Purchase Condition

Subject to certain customary carve-outs and exceptions set out in the Revolving Credit Facility, no borrower or guarantor will, purchase, prepay, redeem (or otherwise retire for value) any Notes (a "Debt Repurchase") unless:

- immediately following such prepayment, purchase, defeasance or redemption (or other retirement for value), the ranking and priority (the "Existing Ranking"), of all present and future liabilities and obligations at any time of each borrower and guarantor is maintained; and

either:

- immediately following such prepayment, purchase, defeasance or redemption (or other retirement for value), the aggregate of the principal amount of HY Liabilities repaid, prepaid, purchased, defeased or redeemed (or otherwise retired for value) since the restatement date (other than from the proceeds of HY Liabilities) is 50% or less of the aggregate principal amount of such HY Liabilities on the restatement date; or

- to the extent that (i) the aggregate principal amount of such prepayments, purchases, defeasances or redemptions (or other retirements for value) exceeds 50% of the aggregate principal amount of such HY Liabilities on the restatement date, the commitments are simultaneously cancelled (and, if applicable, loans are prepaid) pro rata or (ii) the Existing Ranking is not maintained, the commitments are simultaneously cancelled (and, if applicable, loans are prepaid) in an amount equal to that required to maintain the Existing Ranking immediately following the proposed Debt Repurchase; and
- no default is continuing or would result from the prepayment, purchase, defeasance or redemption (or other retirement for value).

Events of Default

The Revolving Credit Facility contains certain standard events of default, the occurrence of which would allow a majority of the lenders to cancel their commitments accelerate all outstanding loans, accrued interest and other amounts and declare them due and payable and to enforce the lenders' rights under the Revolving Credit Facility and certain other related documents. These events of default include, among other events and subject in certain cases to agreed grace periods, thresholds and qualifications:

- non-payment of amounts due under the applicable documents;
- failure to satisfy financial and other covenants, undertakings (including sanctions) and other obligations;
- inaccuracy of a representation or statement when made or deemed to be made;
- cross-default;
- insolvency or any proceedings or analogous processes in connection with insolvency;
- occurrence of a change of control of any subsidiary of the Company that is an obligor under the Revolving Credit Facility;
- unlawfulness or invalidity of certain documents related to the Revolving Credit Facility
- expropriation, attachment, sequestration, distress or execution with regard to the business or assets of the group;
- repudiation and rescission of certain agreements, including those related to the Revolving Credit Facility;
- any security interest becomes unenforceable;
- cessation of business;
- any document related to the Revolving Credit Facility becomes unenforceable;
- failure of any party (other than a finance party) to comply with the provisions of, or does not perform its obligations under the Intercreditor Agreement; and
- audit qualification.

Governing law

The Revolving Credit Facility is governed by English law.

2021 Notes Proceeds Loan

The Issuer, as lender, and the Company, as borrower, entered into a proceeds loan agreement on October 13, 2016 (the "2021 Notes Proceeds Loan"). Pursuant to the 2021 Notes Proceeds Loan, the Issuer loaned an amount equal to the aggregate principal amount of the 2021 Notes to the Company.

The 2021 Notes Proceeds Loan is denominated in pounds sterling and bears interest at a rate at least equal to the interest rate of the 2021 Notes. Interest on the 2021 Notes Proceeds Loan is payable in cash semi-annually in arrears. All amounts payable under the 2021 Notes Proceeds Loan are payable to such account or accounts with such person or persons as the Issuer may designate from time to time. The 2021 Notes Proceeds Loan is an unsecured obligation of the Company.

Except as otherwise required by law, all payments under the 2021 Notes Proceeds Loan are 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 2021 Notes Proceeds Loan had no such deduction or withholding been made.

The 2021 Notes Proceeds Loan provides that, subject to the Intercreditor Agreement, the Company shall repay the 2021 Notes 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 2021 Notes. The Company shall pay the Issuer on demand any amounts required to allow the Issuer to pay additional amounts due under the 2021 Notes Indenture, including for the avoidance of doubt, with respect to the 2021 Notes.

The 2021 Notes Proceeds Loan was assigned by way of security to the Security Agent for the benefit of holders of the 2021 Notes and will be assigned for the benefit of holders of the Notes. The 2021 Notes Proceeds Loan matures on September 15, 2021 and is governed by English law.

2024 Notes Proceeds Loan

The Issuer, as lender, and the Company, as borrower, entered into a proceeds loan agreement on February 22, 2017 (the "2024 Notes Proceeds Loan"). Pursuant to the 2024 Notes Proceeds Loan, the Issuer loaned an amount equal to the aggregate principal amount of the 2024 Existing Notes to the Company.

On the Issue Date, the Issuer, as lender, and the Company, as borrower, will enter into an amendment to the 2024 Notes Proceeds Loan Agreement (the "2024 Notes Proceeds Loan Agreement Amendment"). Pursuant to the 2024 Notes Proceeds Loan Agreement Amendment, the Issuer will lend the proceeds in the aggregate principal amount of the 2024 Additional Notes offered hereby to the Company in order to allow it to apply such amounts as described under "*Use of Proceeds*."

The 2024 Notes Proceeds Loan was denominated in pounds sterling and bears interest at a rate at least equal to the interest rate of the 2024 Notes. Interest on the 2024 Notes Proceeds Loan is payable in cash semi-annually in arrears. All amounts payable under the 2024 Notes Proceeds Loan is payable to such account or accounts with such person or persons as the Issuer may designate from time to time. The 2024 Notes Proceeds Loan is an unsecured obligation of the Company.

Except as otherwise required by law, all payments under the 2024 Notes Proceeds Loan are 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 2024 Notes Proceeds Loan had no such deduction or withholding been made.

The Proceeds Loan Agreement provides that, subject to the Intercreditor Agreement, the Company shall repay the 2024 Notes 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 2024 Notes. The Company shall pay the Issuer on demand any amounts required to allow the Issuer to pay additional amounts due under the Indenture, including, for the avoidance of doubt, the 2024 Existing Notes and the 2024 Additional Notes.

The 2024 Notes Proceeds Loan was assigned by way of security to the Security Agent for the benefit of holders of the 2024 Existing Notes and is assigned for the benefit of holders of the Notes as described under the caption "*Description of Notes—Security—General*." The Proceeds Loan will mature on January 15, 2024 and is governed by English law.

Securitizations

We entered into a series of agreements on November 12, 2007, as amended and restated on August 28, 2012, November 24, 2014, and March 7, 2016, in connection with the establishment of a securitization program for certain of our mortgage loans, which is known as the CABS Securitization. On August 13, 2015, we entered into a second series of agreements, in connection with the establishment of a second securitization program for certain of our mortgage loans, which is known as the LABS Securitization. On January 26, 2017, we entered into a third series of agreements, in connection with the establishment of a third securitization program for certain of our bridging loans, which is known as the DABS Securitization. On September 29, 2017, we entered into the TABS Securitization pursuant to which we sold a portfolio of qualifying mortgages of £275.0 million to Together ABS. Together ABS financed the purchase of the portfolio from borrowings funded through the issuance of Rated TABS notes to qualified investors, Class Z notes to the Originators and Class R notes issued to the Company. The Class R notes represent an amortizing liquidity reserve in an aggregate amount of approximately

2% of the Rated Notes at any time outstanding subject to a liquidity reserve floor of £2.6 million. The Class Z notes represent an interest of 5% of the aggregate principal balance of the mortgage loans in the TABS Securitization portfolio as of September 29, 2017. The CABS Securitization funds both our retail purpose loan and commercial purpose loan business. Our LABS Securitization funds primarily our commercial purpose loan business, with a focus on short-term commercial lending and; the DABS Securitization funds certain of our bridging loans. Our TABS Securitization purchased a residential mortgage loans portfolio consisting of long-term retail purpose and commercial purpose loans.

The CABS Securitization

Pursuant to the CABS Securitization, we sell on a random basis certain of our eligible mortgage loans to Charles Street ABS, the bankruptcy-remote special purpose vehicle established for purposes of the CABS Securitization, pursuant to the Charles Street ABS Mortgage Sale Agreement. Loan Originators, who are subsidiaries of the Company within the Borrower Group sells all right, title and full interest on certain loans on a continuous basis. Charles Street ABS finances these purchases from borrowings funded through the issuance of notes to certain lenders, under the Charles Street ABS Variable Funding Note Issuance Facility, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Charles Street ABS to the loan Originator within the Borrower Group through the Amended and Restated Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Charles Street ABS. The amounts received from the servicing and redemption by borrowers of the loans that Charles Street ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Charles Street ABS. On a monthly basis, Charles Street ABS, pursuant to the priority of payments provided in the Charles Street ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration (approximately £7.4 million per month, or approximately £88.8 million paid in the twelve months ended September 30, 2017 for Charles Street ABS). As of September 30, 2017, the delinquency rate was 4.4%, and the rolling three-month average default rate was 0.3%. For the twelve months ended September 30, 2017, approximately £36.3 million of loans were returned to the Originators as (ineligible/non-performing loans) with a weighted average indexed LTV of 55.3%. Of the loans returned from the securitization, the average annual capital losses were less than £0.02 million from January 1, 2013 to September 30, 2017.

Please see the diagram below for a simplified overview of the CABS Securitization.

Together Financial Services Limited

Originators

Subordinated subscription notes

Deferred consideration income paid monthly

Loans originated by Originators sold to Charles Street ABS

Ineligible loans transferred back to Originators

Charles Street ABS

Mortgage loans sold to Charles Street ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us, and the notes that Charles Street ABS issue to its lenders are also maintained on our consolidated balance sheet as liabilities due to creditors. Charles Street ABS is consolidated into our consolidated financial statements. The Conduit Securitization under Charles Street ABS expires on January 31, 2021. The various agreements comprising the CABS Securitization are governed by English law.

Charles Street Amended and Restated Variable Funding Note Issuance Facility Agreement

The Amended and Restated Variable Funding Note Issuance Facility Agreement (the "Charles Street ABS Variable Funding Note Issuance Facility") is an agreement entered into among, *inter alios*, certain of our subsidiaries (each an "Originator" and, together, the "Originators"), Charles Street ABS and The Royal Bank of Scotland plc, Natixis, London Branch, Regency Assets Limited (an affiliate of HSBC Bank plc), Gresham Receivables No 20 Limited (an affiliate of Lloyds Bank plc) and Barclays Bank PLC (the "CABS Note Purchasers"). Subject to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, which expires on January 31, 2021, the CABS Note Purchasers have agreed to make available to Charles Street ABS a revolving interest bearing variable funding note purchase facility to finance the acquisition by Charles Street ABS of certain of our mortgage loans. The notes issued under the Charles Street ABS Variable Funding Note Issuance Facility mature in December 2050, however, the CABS Note Purchasers' commitments will only be available until January 31, 2020, after which the notes issued thereby will amortize until January 31, 2021, on which date they will become repayable. Total commitments under the Charles Street ABS Variable Funding Note Issuance Facility are £1,000.0 million. As of September 30, 2017, £720.0 million notes were issued and outstanding under the Charles Street ABS Variable Funding Note Issuance Facility.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS may request that the CABS Note Purchasers make an additional subscription, provided that the maximum aggregate amount that may be requested shall not exceed the maximum net investment minus the aggregate nominal amount of the notes already issued. The maximum net investment is defined as the lower of the borrowing base and the total commitments. The facility is currently rated at Aa2 (sf) by Moody's and AA (sf) by DBRS. In the event the notes do not meet the required ratings (Aa3 (sf) or AA (low) (sf) from any two of Fitch, Moody's, S&P and DBRS) for a period exceeding three months, further notes may not be drawn and subject to certain cure periods the facility will be amortized by the level of Cash Receipts received. Subject to certain conditions, the total commitments may be increased by a further £100.0 million.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS intends to issue notes to the CABS Note Purchasers and the CABS Note Purchasers agree to subscribe to such notes, provided that, upon such subscription, the aggregate nominal amounts of the notes outstanding does not exceed the lesser of a borrowing base and their total commitments. The borrowing base consists of the aggregate principal balance of each eligible mortgage loan multiplied by the advance rate. Each purchase of notes is subject to the condition precedent that Charles Street ABS has issued an amount of subordinated subscription notes pursuant to the Amended and Restated Subordinated Note Subscription Agreement equal to or greater than a required subordinated subscription note level. The applicable margin may vary depending on the rating of the notes. Maturing notes can be redeemed with cash at their face amounts or with a new note.

Pursuant to the terms of the Charles Street ABS Variable Funding Note Issuance Facility, Charles Street ABS may only use the proceeds from its issuances of notes for the purchase of loans from the Originators pursuant to the Charles Street ABS Mortgage Sale Agreement and other purposes in connection with the CABS Securitization. The loans that Charles Street ABS purchases from the Originators must comply with certain covenants that govern the mix and quality of the assets within the CABS Securitization, including, *inter alia*, in respect of the ratio of loans secured by residential property to those secured by commercial property, the origination LTV of each individual loan, the aggregate principal balance and the weighted average LTV of certain kinds of loans, the aggregate weighted average LTV, geographical distribution, principal balances, interest rates, the ratio of mortgages with roll-up provisions and lengths of delinquency.

The Charles Street ABS Variable Funding Note Issuance Facility contains standard representations and warranties, covenants, defaults, indemnities and other provisions that are customary for facilities of this nature. Under the Charles Street ABS Variable Funding Note Issuance Facility, sale demand events include failure on the part of Together Financial Services to maintain a senior interest cover ratio, a total interest cover ratio and a tangible net worth threshold. For additional information, see "*—Revolving Credit Facility—Covenant, Representations, Warranties and Undertakings*."

Under the Charles Street ABS Variable Funding Note Issuance Facility, the rights of parties to pursue legal action against Charles Street ABS or the CABS Note Purchasers, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS or any CABS Note Purchaser, entirely waived. The notes are listed on the Channel Islands Securities Exchange.

Charles Street Amended and Restated Subordinated Note Subscription Agreement

The Amended and Restated Subordinated Note Subscription Agreement is an agreement entered into among, *inter alios*, Charles Street ABS and the Originators as subordinated noteholders (the "CABS Subordinated Noteholders"). Under the terms of the Amended and Restated Subordinated Note Subscription Agreement, the CABS Subordinated Noteholders have agreed to subscribe to subordinated subscription notes issued, from time to time, by Charles Street ABS in order to enable it to finance the purchase of loans pursuant to Charles Street ABS Mortgage Sale Agreement as described below and to meet its obligations under the Charles Street ABS Variable Funding Note Issuance Facility as described above. As of September 30, 2017, £217.4 million in subordinated subscription notes, which includes a cash co-mingling reserve of £10.9 million, was outstanding under the Amended and Restated Subordinated Note Subscription Agreement.

The subordinated subscription notes bear interest at a rate not exceeding a commercial rate of return, and interest on the subordinated subscription notes is payable monthly. If on a monthly interest payment date, Charles Street ABS has insufficient funds to fully pay the interest due on any subordinated subscription note, then the unpaid residual amount is carried forward as interest to be paid on the next interest payment date. The subordinated subscription notes may be repaid on any monthly interest payment date, so long as such payments are in compliance with the payment priorities set out in the Charles Street ABS Cash Administration Agreement, as described below. As the CABS Subordinated Noteholders and Charles Street ABS are consolidated within our financials, subordinated subscription note purchases, sales and repurchases are intragroup transactions, represent a net value of £nil and are not discernible at the consolidated level.

Under the Amended and Restated Subordinated Note Subscription Agreement, the rights of parties to pursue legal action against Charles Street ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS, entirely waived.

Amended and Restated Charles Street ABS Mortgage Sale Agreement

The Amended and Restated Mortgage Sale Agreement (the "Charles Street ABS Mortgage Sale Agreement") is an agreement entered into among, *inter alios*, the Originators and Charles Street ABS. Under the terms of the Charles Street ABS Mortgage Sale Agreement, the Originators have agreed to sell on a non-recourse basis and Charles Street ABS has agreed to purchase on a continuous basis all right, title and the full interest in certain loans originated by the Originators. The sale price for any such loan must be equal to its principal balance. As of September 30, 2017, principal balance of mortgage loans owned by Charles Street ABS totaled £897.1 million.

Under the Charles Street ABS Mortgage Sale Agreement, Charles Street ABS is obligated to purchase loans from the Originators for amounts equal to the principal balance of the loans purchased, which are paid to the Originators at the time of the sale. Amounts received from the loans, which the Originators agree to service by way of a servicing deed, are deposited initially into the collection accounts of the Originators and transferred daily to an account in the name of Charles Street ABS. On a monthly basis Charles Street ABS, pursuant to the priority of payments provided in the Charles Street ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration.

Each loan purchased by Charles Street ABS from the Originators must meet certain eligibility criteria, including, *inter alia*, in respect of the security of the loan, the enforceability of the loan agreement against the borrower, priority, the underwriting process for the loan, regulatory compliance, insurance and governing law. Such criteria includes the following: (i) that the loans sold to Charles Street ABS cannot be development loans or defaulted loans; (ii) the maximum origination LTV for loans sold to Charles Street is 95% for loans sold prior to November 2009, 90% for loans sold between November 2009 and August 2012 and 85% for loans sold thereafter; (iii) the average principal balance of loans sold to Charles Street ABS is not to exceed £75,000; (iv) each loan is secured by a valid charge over the relevant property and suffers from no encumbrances or is protected by title insurance; (v) at least 95% of the loans must accrue interest at a minimum rate of LIBOR plus 500 basis points; (vi) the

loans must have a maximum term of 30 years; and (vii) among other requirements up to 5% of the loans may be comprised of repayment loans with an amended maturity profile and/or interest rate which had previously been interest only and are otherwise eligible loans, all other loans may not be rescheduled, materially amended or subject to moratorium. Additionally, there are criteria with respect to loan borrowers of loans sold to Charles Street ABS, including that no borrower may owe in aggregate more than the lower of £4.0 million or 2% of the loans held by Charles Street ABS and all borrowers owing a principal balance of more than £1.75 million may not in aggregate represent more than 7.5% of the loans held by Charles Street ABS. Each loan transferred on or after October 2014 must have been originated on or after January 1, 2010, except where such loan is a previously defaulted loan. Of loans underwritten since establishing the CABS Securitization in 2007, approximately 90% were eligible at origination for purchase under the Charles Street ABS Mortgage Sale Agreement. In the event that a loan ceases to be eligible for the CABS Securitization, then the relevant Originator may substitute the ineligible loan for an eligible loan, repurchase the ineligible loan or subscribe to an issuance of subordinated subscription notes issued by Charles Street ABS in order to fund the ineligible loan pursuant to the Amended and Restated Subordinated Note Subscription Agreement. In the twelve months ended September 30, 2017, £36.3 million in loans, equal to 3.8% of the average loan balances held by Charles Street ABS during the period as of September 30, 2017, were transferred back to the Originators. The weighted averaged indexed LTV of the loans transferred back to the Originators in the twelve months ended September 30, 2017 was 55.3%. Since January 1, 2013, the average annual losses on loans transferred back to the Originators have amounted to less than £0.02 million.

The table below provides information on the loans transferred back to the Borrower Group as of September 30, 2017 for the years ended June 30, 2015, 2016 and 2017 and the three months ended September 30, 2016 and 2017; as indicated below.

	For the years ended June 30,			For the twelve months ended September 30, 2017
	2015	2016	2017	
	(£ millions)			
Principal Balance	17.9	32.1	34.7	36.3
Percentage of average loan balances held by Charles Street ABS during the period	2.7%	3.6%	3.4%	3.8%
Weighted average indexed LTV[(1)]	50.5%	51.1%	54.9%	55.3%
Current status				
Redeemed by borrower	10.9	16.9	9.0	8.1
Performing loans	4.3	8.9	12.8	11.3
Non-performing arrears loans	1.4	4.5	5.3	8.6
Repossession and LPA Sales	1.3	1.7	7.6	8.3
Provisions	0.3	0.3	0.1	0.1

(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 September 30, 2017.

In addition, subject to certain conditions, we can repurchase mortgage loans up to an aggregate of £70,000,000 with the proceeds of an offering.

Charles Street ABS may sell all or a part of its loan assets if, among other requirements, where the repurchased loans are intended to be transferred to a third party pursuant to a similar securitization arrangement, the criteria for selecting loans to be transferred to any third party purchaser are no more favorable than those employed by each Originator (or our group, generally) under the Charles Street ABS Mortgage Sale Agreement, and Charles Street ABS obtains consent from all of the CABS Note Purchasers, the Originators and the security trustee. Charles Street ABS may not sell loans acquired from an Originator without first offering the relevant Originator the opportunity to repurchase the loans on the same terms offered by a third party.

Events of default and sale demand events under the Mortgage Sale Agreement are the events of default and sale demand events provided in the Charles Street ABS Variable Funding Note Issuance Facility, which are described above.

Under the Charles Street ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Charles Street ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Charles Street ABS, entirely waived.

Charles Street Amended and Restated Cash Administration Agreement

The Amended and Restated Cash Administration Agreement (the "Charles Street ABS Cash Administration Agreement") is an agreement entered into among, *inter alios*, the CABS Note Purchasers, the Company as the cash administrator and registrar (the "CABS Cash Administrator") and the Originators. Pursuant to the terms of the Charles Street ABS Cash Administration Agreement, amounts collected from the Originators from servicing the loans owned by Charles Street ABS are allocated to the parties to the Charles Street ABS Cash Administration Agreement by the CABS Cash Administrator. Charles Street ABS maintains a cash reserve at Lloyds Bank plc (the "Co-mingling Reserve Account Bank") in accordance with the terms of the Charles Street ABS Cash Administration Agreement.

Pursuant to the Charles Street ABS Cash Administration Agreement, the CABS Cash Administrator makes determinations on a monthly basis (taking into account the three most recent months for which the actual information is not yet available) of the amounts received in connection with the CABS Securitization as well as compliance by relevant parties to certain of the covenants, financial ratios and other requirements of the CABS Securitization. The CABS Cash Administrator, per its determinations, allocates funds to the parties to the CABS Securitization and others according to certain categorizations and certain pre-enforcement payment priorities. Generally, fees, amounts and other funds that are due under the documents of the CABS Securitization are allocated in the following order of priority: the security trustee and Charles Street ABS, the CABS Note Purchasers, the CABS Cash Administrator, the CABS Subordinated Noteholders and the Originators. The CABS Cash Administrator further agrees that any amount payable by Charles Street ABS or any CABS Note Purchasers to the CABS Cash Administrator is only payable to the extent that on the date such amount is due, Charles Street ABS or the relevant CABS Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Charles Street ABS Cash Administration Agreement and the post-enforcement payment priorities set out in the third deed of charge, sufficient funds to pay such amount out of amounts paid to Charles Street ABS or the relevant CABS Note Purchasers in connection with the CABS Securitization. In certain circumstances, including, *inter alia*, in the event of a shortfall of revenue receipts on an interest payment date pursuant to the Charles Street ABS Variable Funding Note Issuance Facility Agreement, the amounts standing to the credit of the co-mingling reserve shall be released and allocated by the Cash Administrator and Registrar in accordance with the order of priority described above.

Events of default and sale demand events under the Charles Street ABS Cash Administration Agreement are those provided in the Charles Street ABS Variable Funding Note Issuance Facility.

Under the Charles Street ABS Cash Administration Agreement, the rights of parties to pursue legal action against Charles Street ABS or any CABS Note Purchasers, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Charles Street ABS Cash Administration Agreement, entirely waived.

Charles Street Amended and Restated Standby Servicing Agreement

The Amended and Restated Standby Servicing Agreement (the "Amended and Restated Standby Servicing Agreement") is an agreement entered into among, *inter alios*, the Company, the Issuer and the Company's subsidiaries, The Royal Bank of Scotland plc, as security trustee for the CABS Securitization and standby cash administrator and Link Mortgage Services Limited (formerly known as Capita Mortgage Services Limited) (the "CABS Standby Servicer").

Pursuant to the Amended and Restated Standby Servicing Agreement, upon notification of an event of default under any Conduit Securitizations documents, the CABS Standby Servicer will ensure that it is able to assume a full servicing and managing role on 60 days' notice subject to payment in accordance with its then current rates and subject to negotiation if such payment exceeds a prescribed cap. In consideration for entering into the Amended and Restated Standby Servicing Agreement, the Company agreed, among other things, to pay the CABS Standby Servicer an annual fee, part of which is subject to annual review and inflation adjustment.

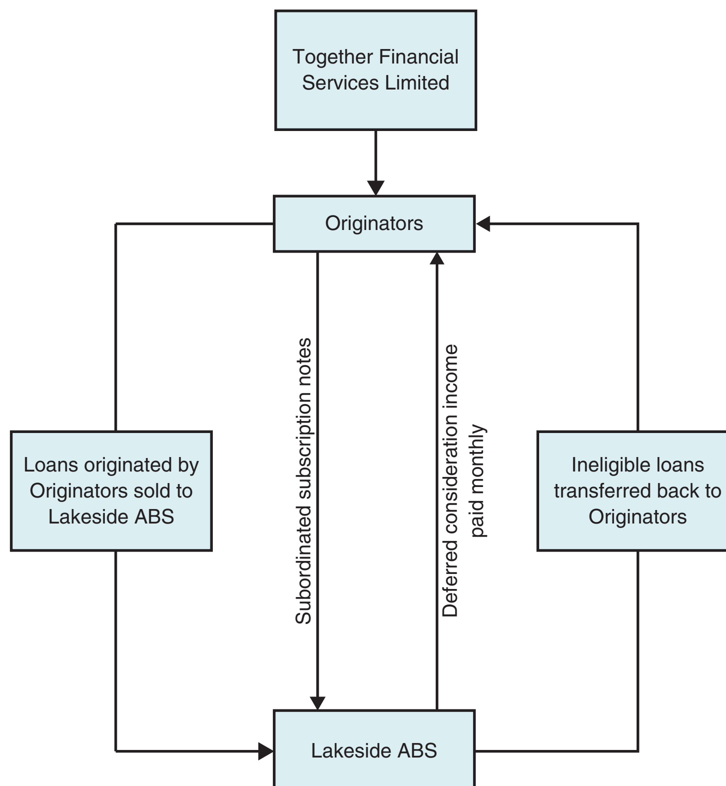
Upon the occurrence of certain events, including a deterioration of certain ratios pursuant to the Charles Street ABS Variable Funding Note Issuance Facility Agreement, the CABS Standby Servicer will provide administration and management services in respect of eligible mortgages on the terms specified therein. In consideration for providing such services, the CABS Standby Servicer will be paid an administration fee to be agreed prior to commencement of such services.

Prior to assumption of a full servicing role, the Amended and Restated Standby Servicing Agreement may be terminated by the CABS Standby Servicer on 30 days' notice in certain limited scenarios, including for non-payment and if its liabilities have been increased without an increase in its fees and provided that any right of termination is conditional upon the appointment of a replacement standby servicer. After the assumption of a full servicing role, the Amended and Restated Standby Servicing Agreement may only be terminated by the CABS Standby Servicer if, among other things, the Notes security agent consents to such termination and a substitute servicer is appointed on terms substantially the same as those contained in the Amended and Restated Standby Servicing Agreement.

The LABS Securitization

Pursuant to the LABS Securitization, we sell on a random basis certain of our eligible mortgage loans to Lakeside ABS, the bankruptcy-remote special purpose vehicle established for purposes of the LABS Securitization, pursuant to the Lakeside ABS Mortgage Sale Agreement. Loan Originators are subsidiaries of the Company within the Borrower Group. Originators sell all right, title and full interest on certain loans on a continuous basis. Lakeside ABS finance these purchases from borrowings funded through the issuance of notes to certain lenders, under the Lakeside ABS Variable Funding Note Issuance Facility, with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Lakeside ABS to an Originator within the Borrower Group through the Lakeside ABS Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Lakeside ABS pursuant to the Lakeside ABS Servicing Deed. The amounts received from the servicing and redemption by borrowers of the loans that Lakeside ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Lakeside ABS. On a monthly basis, Lakeside ABS, pursuant to the priority of payments provided in the Lakeside ABS Cash Administration Agreement, pays interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration (approximately £2.6 million per month, or approximately £30.6 million paid in the twelve months to September 30, 2017 for Lakeside ABS). As of September 30, 2017 the delinquency rate was 1.8% and the rolling three-month average default rate was 0.7%. For the twelve months ended September 30, 2017, approximately £11.2 million of loans were returned to the Originators (as ineligible / non-performing loans) with a weighted average indexed LTV of 55.2%. Of the loans returned from the securitization, the total capital losses were less than £0.01 million since August 12, 2015.

Please see the diagram below for a simplified overview of the LABS Securitization.



Mortgage loans sold to Lakeside ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us, and the notes that Lakeside ABS issue to its lenders are also maintained on our consolidated balance sheet as liabilities due to creditors. Lakeside ABS is consolidated into our consolidated financial statements. The LABS Securitization under Lakeside ABS expires in January 2021. The various agreements comprising the LABS Securitization are governed by English law.

Lakeside ABS Amended and Restated Variable Funding Note Issuance Facility Agreement

The Amended and Restated Variable Funding Note Issuance Facility Agreement (the "Lakeside ABS Variable Funding Note Issuance Facility") is an agreement entered into on August 13, 2015 and as amended from time to time, most recently on January 8, 2018, among, *inter alios*, certain of our subsidiaries (each an "Originator" and, together, the "Lakeside ABS Originators"), the Company, Lakeside ABS and Natixis, London Branch, Managed and Enhanced Tap (Magenta) Funding S.T. (an affiliate of Natixis, London Branch), Regency Assets Limited (an affiliate of HSBC Bank plc) and Gresham Receivables No. 3 Limited (an affiliate of Lloyds Bank plc) (the "Lakeside ABS Note Purchasers"). Subject to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, which expires in January 2021, the Lakeside ABS Note Purchasers have agreed to make available to Lakeside ABS a revolving interest bearing variable funding note purchase facility to finance the acquisition by Lakeside ABS of certain of our mortgage loans. The notes issued under the Lakeside ABS Variable Funding Note Issuance Facility mature in January 2021. Total commitments under the Lakeside ABS Variable Funding Note Issuance Facility are £255.0 million. As of September 30, 2017, £145.0 million notes were issued and outstanding under the Lakeside ABS Variable Funding Note Issuance Facility.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS may request that the Lakeside ABS Note Purchasers make an additional subscription, provided that the maximum aggregate amount that may be requested shall not exceed the maximum net investment minus the aggregate nominal amount of the notes already issued. The maximum net investment is defined as the lower of the borrowing base and the total commitments. The facility is unrated. In the event the notes do not meet certain covenants or other financial metrics of the portfolio are not complied with for a three-month period, subject to certain cure periods, further notes may not be drawn (a "cease purchase event"). Subject to certain conditions, the total commitments may be increased by a further £50.0 million.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS intends to issue notes to the Lakeside ABS Note Purchasers and the Lakeside ABS Note Purchasers agree to subscribe to such notes, provided that, upon such subscription, the aggregate nominal amounts of the notes outstanding does not exceed the lesser of a borrowing base and their total commitments. Each purchase of notes is subject to the condition precedent that Lakeside ABS has issued an amount of subordinated subscription notes pursuant to the Lakeside ABS Subordinated Note Subscription Agreement equal to or greater than a required subordinated subscription note level. The interest payable on each note consists of LIBOR and the applicable margin. Notes can be redeemed at their face amounts upon maturity. Prior to maturity, the notes may be voluntarily prepaid, in whole or *pro rata,* subject to certain conditions.

Pursuant to the terms of the Lakeside ABS Variable Funding Note Issuance Facility, Lakeside ABS may only use the proceeds from its issuances of notes for the purchase of loans from the Lakeside ABS Originators pursuant to the Lakeside ABS Mortgage Sale Agreement and other purposes in connection with the LABS Securitization. The loans that Lakeside ABS purchases from the Lakeside ABS Originators must comply with certain covenants that govern the mix and quality of the assets within the LABS Securitization, including, *inter alia*, in respect of the ratio of loans secured by residential property to those secured by commercial property, the origination LTV of each individual loan, the aggregate principal balance and the weighted average LTV of certain kinds of loans, the aggregate weighted average LTV, geographical distribution, principal balances, interest rates and lengths of delinquency. Failure to comply with certain of the above covenants over a determined period of time could result in a sale demand event.

The Lakeside ABS Variable Funding Note Issuance Facility contains standard representations and warranties, covenants, indemnities and other provisions that are customary for facilities of this nature. *Inter alia*, events of default include failure on the part of the Company to maintain a tangible net worth threshold, failure to substitute loans and failure to appoint a standby cash administrator under the circumstances described in the Lakeside ABS Cash Administration Agreement below.

Under the Lakeside ABS Variable Funding Note Issuance Facility, the rights of parties to pursue legal action against Lakeside ABS or the Lakeside ABS Note Purchasers, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS or any Lakeside ABS Note Purchaser, entirely waived. The notes are listed on the Channel Islands Securities Exchange.

Lakeside ABS Subordinated Note Subscription Agreement

The Lakeside ABS Subordinated Note Subscription Agreement is an agreement entered into among, *inter alios*, Lakeside ABS and the Lakeside ABS Originators as subordinated noteholders (the "Lakeside ABS Subordinated Noteholders"). Under the terms of the Lakeside ABS Subordinated Note Subscription Agreement, the Lakeside ABS Subordinated Noteholders have agreed to subscribe to subordinated subscription notes issued, from time to time, by Lakeside ABS in order to enable it to finance the purchase of loans pursuant to Lakeside ABS Mortgage Sale Agreement as described below and to meet its obligations under the Lakeside ABS Variable Funding Note Issuance Facility as described above. As of September 30, 2017, £58.5 million in subordinated subscription notes, which includes a cash co-mingling reserve of £1.9 million, was outstanding under the Lakeside ABS Subordinated Note Subscription Agreement.

The Lakeside ABS subordinated subscription notes bear interest at a rate not exceeding a commercial rate of return, and interest on the subordinated subscription notes is payable monthly. If on a monthly interest payment date, Lakeside ABS has insufficient funds to fully pay the interest due on any Lakeside ABS subordinated subscription note, then the unpaid residual amount is carried forward as interest to be paid on the next interest payment date. The Lakeside ABS subordinated subscription notes may be repaid on any monthly interest payment date, so long as such payments are in compliance with the payment priorities set out in the Lakeside ABS Cash Administration Agreement; as described below. As the Lakeside ABS Subordinated Noteholders and Lakeside ABS are consolidated within our financials, subordinated subscription note purchases, sales and repurchases are intragroup transactions, represent a net value of £nil and are not discernible at the consolidated level.

Under the Lakeside ABS Subordinated Note Subscription Agreement, the rights of parties to pursue legal action against Lakeside ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS, entirely waived.

Lakeside ABS Mortgage Sale Agreement

The Lakeside ABS Mortgage Sale Agreement (the "Lakeside ABS Mortgage Sale Agreement") is an agreement entered into among, *inter alios*, the Lakeside ABS Originators and Lakeside ABS. Under the terms of the Lakeside ABS Mortgage Sale Agreement, the Lakeside ABS Originators have agreed to sell on a non-recourse basis and Lakeside ABS has agreed to purchase on a continuous basis all right, title and the full interest in certain loans originated by the Lakeside ABS Originators. As of September 30, 2017, the principal balance of mortgage loans owned by Lakeside ABS totaled £192.2 million.

Under the Lakeside ABS Mortgage Sale Agreement, Lakeside ABS is obligated to purchase loans from the Lakeside ABS Originators for amounts equal to the principal balance of the loans purchased, which are paid to the Lakeside ABS Originators at the time of the sale. Amounts received from the loans, which the Lakeside ABS Originators agree to service by way of the Lakeside ABS Servicing Deed, as described below, are deposited initially into the collection accounts of the Lakeside ABS Originators and transferred within two business days to an account in the name of Lakeside ABS. On a monthly basis Lakeside ABS, pursuant to the priority of payments provided in the Lakeside ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the Lakeside ABS Originators as deferred consideration.

Each loan purchased by Lakeside ABS from the Lakeside ABS Originators must meet certain eligibility criteria, including, *inter alia*, in respect of the security of the loan, the enforceability of the loan agreement against the borrower, priority, the underwriting process for the loan, regulatory compliance, insurance and governing law. Such criteria includes the following: (i) that the loans sold to Lakeside ABS cannot be development loans or defaulted loans; (ii) the maximum origination LTV for loans sold to Lakeside ABS is between 70% to 75%, depending on the type of the loan and the security; (iii) the maximum principal balance of individual loans sold to Lakeside ABS shall not to exceed £3,500,000; (iv) each loan is secured by a valid charge over the relevant property and suffers from no encumbrances or is protected by title insurance; (v) the loans must have a maximum

term of up to 25 years, depending on the type of security; (vi) mortgages secured on commercial properties may only be first lien loans; (vii) each mortgage loan was originated on or after January 1, 2012; (viii) each mortgage loan with a principal balance in excess of £2,000,000 may not exceed an LTV of 70%; and (ix) repayment loans with an amended maturity profile and/or interest rate which had previously been interest only and are otherwise eligible loans may comprise up to 5% of the funded mortgage pool and all other loans may not be rescheduled, materially amended or subject to moratorium. Additionally, there are criteria with respect to loan borrowers of loans sold to Lakeside ABS, such as citizenship, residency or incorporation as well as absence of any bankruptcy or insolvency proceedings, as applicable. Of loans underwritten since establishing the LABS Securitization in August 2015, approximately 30% were eligible at origination for purchase under the Lakeside ABS Mortgage Sale Agreement. In the event that a loan ceases to be eligible for the LABS Securitization, then the relevant Lakeside ABS Originator may substitute the ineligible loan for an eligible loan, repurchase the ineligible loan or subscribe to an issuance of subordinated subscription notes issued by Lakeside ABS in order to fund the ineligible loan pursuant to the Lakeside ABS Subordinated Note Subscription Agreement. In the twelve months ended September 30, 2017, £11.2 million in loans, equal to 5.1% of the average loan balances held by Lakeside ABS during the period as of September 30, 2017, were transferred back to the Lakeside ABS Originators. The weighted averaged indexed LTV of the loans transferred back to the Lakeside ABS Originators in the twelve months ended September 30, 2017 was 55.2%. Of the loans returned from the LABS Securitization, the total capital losses were less than £0.01 million since August 12, 2015.

The table below provides information on the loans transferred back to the Borrower Group as of September 30, 2017, in the period from August 12, 2015 to June 30, 2016, the year ended June 30, 2017 and the twelve months ended September 30, 2016 and 2017; as indicated below.

	Period from August 12, 2015 to June 30, 2016	For the year ended June 30, 2017	Twelve months to September 30, 2017
		(£ in millions)	
Amount	£ 7.5	£ 7.0	£11.2
Percentage of average loan balances held by Lakeside ABS during the period	4.5%	3.1%	5.1%
Weighted average indexed LTV(1)	50.4%	50.7%	55.2%
Current status			
Redeemed by borrower	3.5	2.0	2.0
Performing loans	2.3	2.7	5.7
Non-performing arrears loans	0.4	0.8	1.1
Repossession and LPA Sales	1.3	1.5	2.4
Impairments	0.1	0.1	0.1

(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 September 30, 2017.

Lakeside ABS may sell all or a part of its loan assets if, among other requirements, the loans sold to a third party are of a quality no more favorable than those sold pursuant to the Lakeside ABS Mortgage Sale Agreement and Lakeside ABS obtains consent from all of the Lakeside ABS Note Purchasers, the Lakeside ABS Originators and the security trustee. Lakeside ABS may not sell loans acquired from a Lakeside ABS Originator without first offering the relevant Lakeside ABS Originator the opportunity to repurchase the loans on the same terms offered by a third party.

Events of default and sale demand events under the Lakeside ABS Mortgage Sale Agreement are the events of default and sale demand events provided in the Lakeside ABS Variable Funding Note Issuance Facility, which are described above.

Under the Lakeside ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Lakeside ABS, other than those of the security trustee with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of Lakeside ABS, entirely waived.

Lakeside ABS Cash Administration Agreement

The Lakeside ABS Cash Administration Agreement (the "Lakeside ABS Cash Administration Agreement") is an agreement entered into among, *inter alios*, the Lakeside ABS Note Purchasers, the Company as the cash administrator (the "Lakeside ABS Cash Administrator") and the Lakeside ABS Originators. Pursuant to the terms of the Lakeside ABS Cash Administration Agreement, amounts collected from the Lakeside ABS Originators from servicing the loans owned by Lakeside ABS are allocated to the parties to the Lakeside ABS Cash

Administration Agreement by the Cash Administrator. Lakeside ABS maintains a cash reserve at National Westminster Bank plc in accordance with the terms of the Lakeside ABS Cash Administration Agreement.

Pursuant to the Lakeside ABS Cash Administration Agreement, the Company as agent of the Lakeside ABS Originators makes determinations on a monthly basis of the amounts received in connection with the LABS Securitization as well as the calculations necessary to determine compliance with the covenants of the LABS Securitization. The Lakeside ABS Cash Administrator, per its determinations, allocates funds to the parties to the LABS Securitization and others according to certain categorizations and certain pre-enforcement payment priorities. Generally, fees, amounts and other funds that are due under the documents of the LABS Securitization are allocated in the following order of priority: the security trustee, Lakeside ABS, the Lakeside ABS Note Purchasers, the Lakeside ABS Cash Administrator, the CABS Subordinated Noteholders and the Lakeside ABS Originators. The Lakeside ABS Cash Administrator further agrees that any amount payable by Lakeside ABS or any Lakeside ABS Note Purchasers to the Cash Administrator is only payable to the extent that on the date such amount is due, Lakeside ABS or the relevant Lakeside ABS Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Lakeside ABS Cash Administration Agreement and the post-enforcement payment priorities set out in the deed of charge, sufficient funds to pay such amount out of amounts paid to Lakeside ABS or the relevant Lakeside ABS Note Purchasers in connection with the LABS Securitization. In certain circumstances, including, *inter alia*, in the event of a shortfall of revenue receipts on an interest payment date pursuant to the Lakeside ABS Variable Funding Note Issuance Facility Agreement, the amounts standing to the credit of the reserve account shall be released and allocated by the Lakeside ABS Cash Administrator and Registrar in accordance with the order of priority described above.

Events of default and sale demand events under the Lakeside ABS Cash Administration Agreement are those provided in the Lakeside ABS Variable Funding Note Issuance Facility.

Under the Lakeside ABS Cash Administration Agreement, the rights of parties to pursue legal action against Lakeside ABS or any Lakeside ABS Note Purchasers, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Lakeside ABS Cash Administration Agreement, entirely waived.

Lakeside ABS Servicing Deed

The Lakeside ABS Servicing Deed (the "Lakeside ABS Servicing Deed") is an agreement entered into among, *inter alios*, the Company, the Lakeside ABS Originators (the "Servicers") and Lakeside ABS.

Pursuant to the Lakeside ABS Servicing Deed, the Servicers agree to provide administration and management services to Lakeside ABS in relation to the loans related to the LABS Securitization and the respective security. Each Servicer has the full power, authority and right to carry out any actions related to the administration of the loans. The Servicers must comply with the Company's arrears and collection policy.

Performances under the Lakeside ABS Servicing Deeds may be sub-contracted by the Servicers, subject to certain conditions. The Servicers must indemnify Lakeside ABS for losses, liabilities, claims, expenses or damages in respect of the negligence or willful default of each Servicer.

The Servicers' appointment may be terminated in certain limited scenarios. In the event, a Servicer is terminated pursuant to the terms of the Lakeside ABS Servicing Deed, Lakeside ABS shall appoint a replacement servicer within 60 days after the notice of termination. In addition, upon the occurrence of a Warm-Up Event (as defined herein), Lakeside ABS and the relevant Servicer(s) must use reasonable endeavors to identify and appoint a standby servicer as soon as possible and in no event later than 60 days after the occurrence of such Warm-Up Event. The standby servicer must satisfy certain professional requirements as set forth in the Lakeside ABS Servicing Deed.

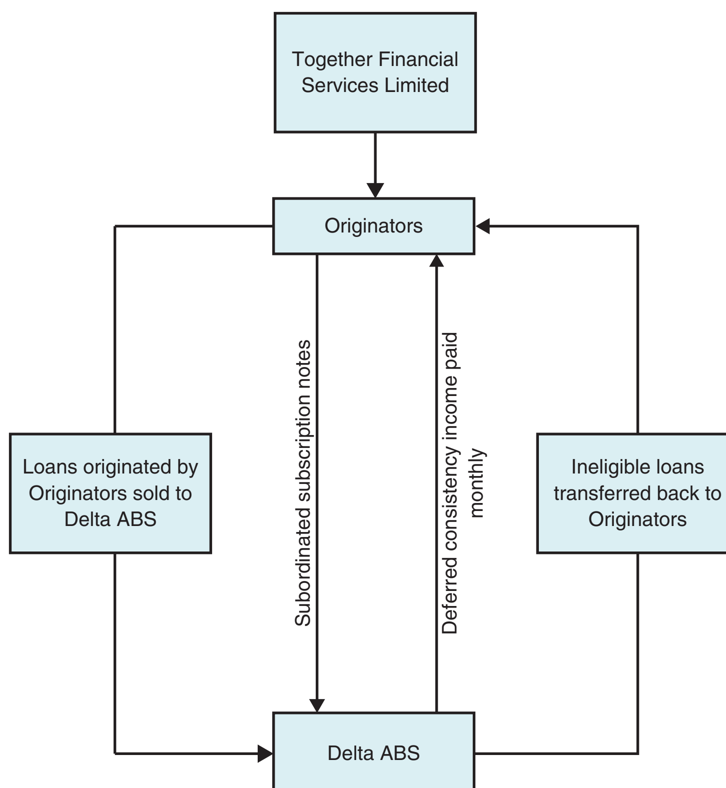
For the purposes of the Lakeside ABS Servicing Deed, a Warm-Up Event means the occurrence of any of the following events: (i) the long-term rating of the Company falls below B+ (either Fitch or Standard and Poor's); (ii) the tangible net worth of the Company is less £350,000,000; (iii) a potential cease purchase event or a cease purchase event, unless waived by the facility agent or (iv) a potential event of default or event of default occurs.

Under the Lakeside ABS Servicing Deed, the rights of the parties to pursue legal action against Lakeside ABS, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Lakeside ABS Servicing Deed, entirely waived.

The DABS Securitization

On January 26, 2017, we entered into a series of agreements (the "DABS Securitization") related to a new securitization vehicle, Delta Asset Backed Securitisation 1 Limited ("Delta ABS"), which is primarily focused on the securitization of certain of our bridging loans. Pursuant to the DABS Securitization, we sell on a random basis certain of our eligible mortgage loans to Delta ABS, the bankruptcy-remote special purpose vehicle established for purposes of the DABS Securitization, pursuant to the Delta ABS Mortgage Sale Agreement. Loan Originators, who are subsidiaries of the Company within the Borrower Group, sell all rights, title and full interest on certain loans on a continuous basis. Delta ABS finances these purchases from borrowings funded through drawings under the facilities described in "—*Delta ABS Facility Agreement*," under the Delta ABS Facility Agreement, with the balance of any funding requirements provided through the issuance of subordinated notes by Delta ABS to a loan Originator within the Borrower Group through the Delta ABS Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Delta ABS pursuant to the Delta ABS Servicing Deed. The amounts received from the servicing and redemption by borrowers of the loans that Delta ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Delta ABS. On a monthly basis, Delta ABS, pursuant to the priority of payments provided in the Delta ABS Cash Administration Agreement, pays interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration (approximately £0.8 million per month, or approximately £6.1 million paid in the eight months ended September 30, 2017 for Delta ABS). As of September 30, 2017, the delinquency rate was 5.5% and the rolling six-month average default rate was 0.5%. For the eight months ended September 30, 2017, approximately £1.2 million of loans were returned to the Originators as (ineligible/non-performing loans) and subsequently redeemed as of September 30, 2017. Of the loans returned from the DABS Securitization, the total capital losses were £nil for the period from January 26, 2017 to September 30, 2017.

Please see the diagram below for a simplified overview of the DABS Securitization.



Mortgage loans sold to Delta ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us, and the drawings that Delta ABS borrows from its lenders are also maintained on our consolidated balance sheet as liabilities due to creditors. Delta ABS is consolidated into our consolidated financial statements. The DABS Securitization under Delta ABS expires in January 2021. The various agreements comprising the DABS Securitization are governed by English law.

Delta ABS Facility Agreement

The Facility Agreement (the “Delta ABS Facility”) was entered into on January 26, 2016, among, *inter alios*, the Company, Delta ABS, Goldman Sachs Bank USA (the “Delta Securitization Original Lender”), U.S. Bank Trustees Limited and Elavon Financial Services DAC, UK Branch. Subject to the terms of the Delta ABS Facility, which expires in January 2021, the Delta Securitization Original Lender has agreed to make available to Delta ABS a credit facility to finance the acquisition by Delta ABS of certain of our mortgage loans through two facilities, the Delta ABS Term Loan with an aggregate principal amount of £55.0 million and the Delta ABS Revolving Loan with an aggregate principal amount of £35.0 million. The Delta ABS Term Loan must be always drawn in full. As of September 30, 2017, £70.0 million was drawn under the Delta ABS Facility.

Pursuant to the terms of the Delta ABS Facility, Delta ABS may request a certain loan portfolio for a minimum aggregate principal amount of £1.0 million, provided that the maximum aggregate amount of total commitments does not exceed the total amount available under each of the Delta ABS Term Loan and the Delta ABS Revolving Loan. The loans under the Delta ABS Revolving Facility must be repaid on each interest payment date, and in the event the loans do not meet certain covenants or other financial metrics of the portfolio are not complied with, subject to certain cure periods, further loans may not be drawn (a “cease purchase event”).

Pursuant to the terms of the Delta ABS Facility, Delta ABS intends to make drawings under the Delta ABS Facility from the Original Lender and other lenders that have been approved under certain conditions set forth in the Delta ABS Facility (the approved lenders, together with the Delta Securitization Original Lender, the “Delta ABS Lenders”) and the Delta ABS Lenders agree to subscribe such amounts, provided that, on the drawdown date, the aggregate nominal amount of the total commitments does not exceed the sum of the Delta ABS Term Loan and Delta ABS Revolving Loan, or £90.0 million and each Delta ABS Lender has not exceeded its individual loan limits. The interest payable on each loan consists of LIBOR and the applicable margin. The loans can be redeemed at their face amounts upon maturity, and prior to maturity, the loans may be voluntarily prepaid, in whole or *pro rata,* subject to certain conditions.

Pursuant to the terms of the Delta ABS Facility, Delta ABS may only use the proceeds from its drawings under the Delta ABS Facility for the purchase of loans from several subsidiaries of the Company (the “Delta ABS Originators”) pursuant to the Delta ABS Mortgage Sale Agreement and other purposes in connection with the DABS Securitization. The loans that Delta ABS purchases from the Delta ABS Originators must comply with certain covenants that govern the mix and quality of the assets within the DABS Securitization, including, as described under “*—Delta ABS Mortgage Sale Agreement*.”

The Delta ABS Facility contains standard representations and warranties, covenants, indemnities and other provisions that are customary for facilities of this nature. *Inter alia*, events of default include failure on the part of the Company to pay any of the amounts owed under any of the transaction documents, exceeding the borrowing base, failure to substitute loans and failure to appoint a standby cash administration under the circumstances described in the Delta ABS Cash Administration Agreement below.

Under the Delta ABS Facility, the rights of parties to pursue legal action against Delta ABS or the Delta ABS Lenders, 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 Delta ABS or any Delta ABS Note Purchaser, entirely waived.

Delta ABS Subordinated Note Subscription Agreement

The Delta ABS Subordinated Note Subscription Agreement is an agreement entered into among, *inter alios*, Delta ABS and several subsidiaries of the Company as subordinated noteholders (the “Delta ABS Subordinated Noteholders”). Under the terms of the Delta ABS Subordinated Note Subscription Agreement, the Delta ABS Subordinated Noteholders have agreed to subscribe to subordinated notes issued, from time to time, by Delta ABS in order to enable it to finance the purchase of loans pursuant to the Delta ABS Mortgage Sale Agreement as described below and to meet its obligations under the Delta ABS Facility as described above. As of September 30, 2017, £18.6 million in subordinated notes, which includes a cash reserve of £0.1 million, was outstanding under the Delta ABS Subordinated Note Subscription Agreement.

The Delta ABS subordinated notes bear interest at a rate not exceeding a commercial rate of return, and interest on the subordinated notes is payable monthly. If on a monthly interest payment date, Delta ABS has insufficient funds to fully pay the interest due on any Delta ABS subordinated subscription note, then the unpaid residual

amount is carried forward as interest to be paid on the next interest payment date. The Delta ABS subordinated notes may be repaid on any monthly interest payment date, so long as such payments are in compliance with the payment priorities set out in the Delta ABS Cash Administration Agreement described below. As the Delta ABS Subordinated Noteholders and Delta 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 Delta ABS Subordinated Note Subscription Agreement, the rights of parties to pursue legal action against Delta 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 Delta ABS, entirely waived.

Delta ABS Mortgage Sale Agreement

The Delta ABS Mortgage Sale Agreement (the "Delta ABS Mortgage Sale Agreement") is an agreement entered into among, *inter alios*, several subsidiaries of the Company (the "Delta ABS Originators") and Delta ABS. Under the terms of the Delta ABS Mortgage Sale Agreement, the Delta ABS Originators have agreed to sell on a non-recourse basis and Delta ABS has agreed to purchase on a continuous basis all right, title and the full interest in certain loans originated by the Delta ABS Originators. As of September 30, 2017, the principal balance of mortgage loans owned by Delta ABS totalled £82.7 million.

Under the Delta ABS Mortgage Sale Agreement, Delta ABS is obligated to purchase loans from the Delta ABS Originators for amounts equal to the principal balance of the loans purchased, which are paid to the Delta ABS Originators at the time of the sale. Amounts received from the loans, which the Delta ABS Originators agree to service by way of the Delta ABS Servicing Deed, as described below, are deposited initially into the collection accounts of the Delta ABS Originators and transferred within two business days to an account in the name of Delta ABS. On a monthly basis Delta ABS, pursuant to the priority of payments provided in the Delta ABS Cash Administration Agreement, pays or makes good interests or fees due to its creditors with the balance of any interest receipts being repaid to the Delta ABS Originators as deferred consideration.

Each loan purchased by Delta ABS from the Delta ABS Originators must meet certain eligibility criteria, including, *inter alia*, 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 include the following: (i) loans sold to Delta ABS cannot be development loans or defaulted loans; (ii) the original LTV of each loan sold to Delta ABS may not exceed 80%; (iii) the maximum principal balance of each individual loan sold to Delta ABS must not exceed £5,500,000; (iv) each loan sold to Delta ABS is secured by a valid charge over the relevant property and suffers from no encumbrances or is protected by title insurance; and (v) loans must be unregulated.

Pursuant to the Delta ABS Mortgage Sale Agreement, in the event that a loan ceases to be eligible for the DABS Securitization, then the relevant Delta ABS Originator may substitute the ineligible loan for an eligible loan, repurchase the ineligible loan or subscribe to an issuance of subordinated notes issued by Delta ABS in order to fund the ineligible loan pursuant to the Delta ABS Subordinated Note Subscription Agreement. Furthermore, Delta ABS, with the consent from the Delta ABS Lenders, the Delta ABS Originators and the security trustee, at the direction of the Delta ABS Originators, may sell all or a part of its loan assets if, among other requirements, the loans sold to a third party are of a quality no more favorable than those sold pursuant to the Delta ABS Mortgage Sale Agreement and the aggregate amount of the mortgage loans is equal to or less than £30.0 million. Delta ABS may not sell loans acquired from a Delta ABS Originator without first offering the relevant Delta ABS Originator the opportunity to repurchase the loans on the same terms offered by a third party.

Events of default under the Delta ABS Mortgage Sale Agreement are the events of default provided in the Delta ABS Facility, which are described above.

Under the Delta ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Delta 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 Delta ABS, entirely waived.

The table below provides information on the loans transferred back to the Borrower Group in the period from January 29, 2017 to June 30, 2017 and the period from January 29, 2017 to September 30, 2017; as indicated below.

	Period from January 29, 2017 to June 30, 2017	Period from January 29, 2017 to September 30, 2017
	(£ in millions)	
Principal	—	£ 1.2
Percentage of average loan balances held by Delta ABS during the period	—	1.6%
Weighted average indexed LTV[1]	—	—
Current status		
Redeemed by borrower	—	1.2
Performing loans	—	—
Non-performing arrears loans	—	—
Repossession and LPA Sales	—	—
Provisions	—	—

Delta ABS Cash Administration Agreement

The Delta ABS Cash Administration Agreement (the "Delta ABS Cash Administration Agreement") is an agreement entered into among, *inter alios*, the Delta Securitization Original Lender, the Company as the cash administrator (the "Delta ABS Cash Administrator") and the Delta ABS Originators. Pursuant to the terms of the Delta ABS Cash Administration Agreement, amounts collected from the Delta ABS Originators from servicing the loans owned by Delta ABS are allocated to the parties to the Delta ABS Cash Administration Agreement by the Cash Administrator. Delta ABS maintains a cash reserve at National Westminster Bank plc in accordance with the terms of the Delta ABS Cash Administration Agreement.

Pursuant to the Delta ABS Cash Administration Agreement, the Company as agent of the Delta ABS Originators makes determinations on a monthly basis of the amounts received in connection with the DABS Securitization as well as the calculations necessary to determine compliance with the covenants of the DABS Securitization. The Delta ABS Cash Administrator, per its determinations, allocates funds to the parties to the DABS 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 DABS Securitization are allocated in the following order of priority: to third parties (such as tax authorities), the security trustee, Delta ABS, the Delta ABS Lenders, the Delta ABS Cash Administrator, the DABS Subordinated Noteholders and the Delta ABS Originators. The Delta ABS Cash Administrator further agrees that any amount payable by Delta ABS or any Delta ABS Lenders to the Cash Administrator is only payable to the extent that on the date such amount is due, Delta ABS or the relevant Delta ABS Note Purchasers has, subject to the pre-enforcement payment priorities set out in the Delta ABS Cash Administration Agreement and the post-enforcement payment priorities set out in the deed of charge, sufficient funds to pay such amount out of amounts paid to Delta ABS or the relevant Delta ABS Lenders in connection with the DABS Securitization.

The Delta ABS Cash Administrator appointment may be terminated in certain limited scenarios. In the event, the Delta ABS Cash Administrator's appointment is terminated pursuant to the terms of the Delta ABS Cash Administration Agreements, DABS must appoint a replacement servicer within 60 days after the notice of termination. In addition, upon the occurrence of a Warm-Up Event (as defined herein) or other event (such as payment default, breach of obligation, unlawfulness, insolvency, cessation or lack of registration of the DABS Cash Administrator), DABS must use reasonable endeavors to identify and appoint a standby cash administrator as soon as possible and in no event later than 60 days after the occurrence of such Warm-Up Event or other event.

For the purposes of the Delta ABS Cash Administration Agreement, a Warm-Up Event means the occurrence of any of the following events: (i) the tangible net worth of the Company is less £300,000,000; and (ii) a cease purchase event, a potential event of default or an event of default occurs, unless waived by the facility agent.

Events of default under the Delta ABS Cash Administration Agreement are those provided in the Delta ABS Facility.

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

Delta ABS Servicing Deed

The Delta ABS Servicing Deed (the "Delta ABS Servicing Deed") is an agreement entered into among, *inter alios*, the Company, the Delta ABS Originators (the "Servicers") and Delta ABS.

Pursuant to the Delta ABS Servicing Deed, the Servicers agree to provide administration and management services to Delta ABS in relation to the loans related to the DABS Securitization and the respective security. Each Servicer has the full power, authority and right to carry out any actions related to the administration of the loans. The Servicers must comply with the Company's arrears and collection policy.

Performances under the Delta ABS Servicing Deeds may be sub-contracted by the Servicers, subject to certain conditions. The Servicers must indemnify Delta ABS for losses, liabilities, claims, expenses or damages in respect of the negligence or willful default of each Servicer. The Servicers must also screen and clear obligors for compliance with KYC, anti-money laundering, terrorist financing, sanctions and anti-corruption regulations.

The Servicers' appointment may be terminated in certain limited scenarios. In the event a Servicer is terminated pursuant to the terms of the Delta ABS Servicing Deed, Delta ABS must appoint a replacement servicer within 60 days after the notice of termination.

Under the Delta ABS Servicing Deed, the rights of the parties to pursue legal action against Delta ABS, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Delta ABS Servicing Deed, entirely waived.

The TABS Securitization

On September 29, 2017, we entered into a series of agreements (the "TABS Securitization") related to a new securitization vehicle, Together Asset Backed Securitisation 1 plc ("Together ABS"), which is primarily focused on the securitization of certain of our residential mortgage loans and their related security. Pursuant to the TABS Securitization, Together Personal Finance Limited, Together Commercial Finance Limited and Blemain Finance Limited (the "TABS Sellers"), who are loan-originating subsidiaries (excluding Blemain Finance Limited, which no longer originates loans) of the Company, sold by way of assignment of equitable interests or a grant of beneficial interests in trusts in certain of our eligible residential mortgage loans and their related collateral security, as applicable, to Together ABS, the bankruptcy-remote special purpose vehicle established for purposes of the TABS Securitization, pursuant to the Together ABS Mortgage Sale Agreement, in the aggregate principal balance of residential mortgage loans and related security of £275.0 million as of September 30, 2017. To fund the purchase of these mortgages, Together ABS issued seven different classes of notes (together, the "TABS Notes") and residual certificates with the following characteristics:

Class of Notes	Initial Principal Amount	Issue Price	Credit Enhancement[(1)]	WAL[(2)]	Reference Rate/Fixed Rate	Margin (payable up to and including the optional redemption date)	Step-up Margin (payable after the optional redemption date)	Ratings (Moody's/ DBRS)
Rated TABS Notes								
Class A	£222,750,000	100%	19.0%	2.52	Three Month LIBOR	1% per annum	2% per annum	Aaa(sf)/AAA(sf)
Class B	£ 11,000,000	100%	15.0%	3.96	Three Month LIBOR	1.5% per annum	2.5% per annum	Aa2(sf)/AA(sf)
Class C	£ 11,000,000	100%	11.0%	3.96	Three Month LIBOR	2% per annum	3% per annum	A2(sf)/A(high)(sf)
Class D	£ 11,000,000	100%	7.0%	3.96	Three Month LIBOR	2.4% per annum	3.4% per annum	Baa3(sf)/BBB(sf)
Class E	£ 5,500,000	100%	5.0%	3.96	Three Month LIBOR	4% per annum	5.25% per annum	B2(sf)/BB(high)(sf)
Other TABS Notes								
Class R	£ 5,225,000	100%	N/A	N/A	N/A	N/A	N/A	Not Rated
Class Z	£ 13,787,000	100%	N/A	N/A	N/A	N/A	N/A	Not Rated
Total	£280,262,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Not Rated

(1) Exclusive of 2.0% reserve fund balance, which can be used as credit enhancement following a post-enforcement event.

(2) Based on 15% CPR and call option exercised in full on the call date.

Together ABS issued the Rated TABS Notes, which are listed in the Irish Stock Exchange, to certain qualified investors for the aggregate initial gross purchase price presented in the table above plus deferred consideration and residual payments.

The terms of the Together ABS Mortgage Sale Agreement require the TABS Sellers to substitute a new mortgage or repurchase mortgages initially sold in connection with the TABS Securitization in certain circumstances. See "*—Together ABS Mortgage Sale Agreement*."

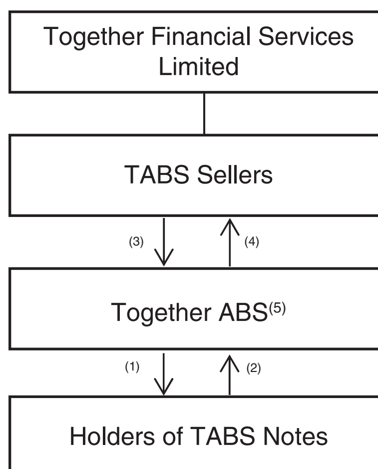
Together ABS is not permitted to dispose of mortgage assets except in relation to (i) enforcement, (ii) the repurchase of a mortgage loan by the TABS Sellers pursuant to the Together ABS Mortgage Sale Agreement or (iii) in a sale to the call option holder in accordance with the Together ABS Mortgage Sale Agreement upon the exercise of the call option by its holder, which is currently Together Personal Finance Limited. The call option may be exercised at any time on or after the optional purchase commencement date, which is defined as the earliest of (i) the start of the collection period before the September 2021 interest payment date, (ii) the start of any collection period on which the outstanding principal amount of the mortgages is less than 10% of the

aggregate principal amount of TABS Notes outstanding as of September 30, 2017 and (iii) upon certain changes of law which otherwise trigger a mandatory redemption of the TABS Notes. The call option may be exercised to purchase all, but not less than all, of Together ABS's mortgage assets at a price of: the greater of (i) the aggregate principal balance of the mortgage loans comprising the portfolio as determined at the collection period start date immediately preceding the optional purchase completion date; and (ii) without double counting, the greater of (a) zero; and (b) the amount required by Together ABS to pay in full all amounts payable under the priority of payments as described in the Together ABS Mortgage Sale Agreement (defined below); in each case, plus Together ABS's costs and expenses associated with transferring its interests in any mortgage loan and its collateral security to TPFL or its nominee and an amount agreed between Together ABS and TPFL in respect of costs anticipated to be incurred by Together ABS after the optional purchase completion date.

On September 29, 2017, the TABS Sellers purchased the Class Z notes and the Company purchased the Class R notes. The Class R notes represent the amortizing liquidity reserve. The Class Z notes were issued to comply with paragraph (d) of Article 405(1) of Regulation (EU) No 575/2012 (the "Capital Requirements Regulation"), paragraph (d) of Article 51 of Regulation (EU) No 231/2013 (the "AIFM Regulation") and Article 254 of Regulation (EU) 2015/35 (the "Solvency II Regulation") and each relevant servicer will retain an interest of not less than 5% in the Class Z notes in proportion to the total securitized exposure for which each relevant servicer is the originator. In addition, the TABS Sellers hold the residual certificates pursuant to which residual payments are made but they are under no obligation to retain ownership of these reserve certificates.

The subsidiaries that originated the loans also service the loans on behalf of Together ABS pursuant to the Together ABS Servicing Deed (defined below). The amounts received from the servicing and redemption by borrowers of the loans that Together ABS has purchased from us are pooled into "collection accounts" of each relevant servicer and, on a daily basis, are transferred to an account in the name of Together ABS. On a monthly basis, Together ABS, through the cash administrator, pays any interests, principal or residual payments due to the principal paying agent, who then pays the amounts due to the TABS Notes, as applicable. These subsidiaries receive a fee based on the outstanding principal amount of mortgages each subsidiary services as consideration for acting in this role.

Please see the diagram below for a simplified overview of the TABS Securitization.



(1) TABS Notes subscription proceeds.

(2) Principal and interest on the TABS Notes.

(3) Sale of a mortgage prortfolio with an aggregate principal loan balance of £275.0 million.

(4) Initial consideration for the sale of the mortgage portfolio and residential payments. Ineligible loans may be sold back to the TABS Sellers.

(5) Together ABS is a bankruptcy-remote special purpose vehicle with no recourse to the Borrower Group. We do not directly or indirectly own any of the issued share capital of Together ABS or its parent company, Together Asset Backed Securitisation 1 Holdings Limited.

The equitable interests or beneficial interests created in favor of Together ABS are maintained on our consolidated balance sheet as assets due by our debtors and continue to be serviced by us. Together ABS is consolidated into our consolidated financial statements. The various agreements comprising the TABS Securitization are governed by English law.

Together ABS Mortgage Sale Agreement

The Together ABS Mortgage Sale Agreement (the "Together ABS Mortgage Sale Agreement") is an agreement entered into among, *inter alios*, the TABS Sellers and Together ABS. Under the terms of the Together ABS

Mortgage Sale Agreement, the TABS Sellers have agreed to sell, assign or otherwise transfer to Together ABS a portfolio of English and Welsh residential mortgage loans each secured by an English mortgage and collateral security, where applicable, and sell and hold a portfolio of Scottish residential mortgage loans each secured by a Scottish mortgage and other collateral security, where applicable, on trust under a Scottish declaration of trust for the benefit of Together ABS. Together ABS has paid to the TABS Sellers the initial gross purchase price of £275.0 million and deferred consideration consisting of residual payments based on any amounts generated by the loans sold to Together ABS in excess of the amounts payable under the priority of payments as described in the Together ABS Mortgage Sale Agreement. As of September 30, 2017, the principal balance of equitable or beneficial interests in the relevant mortgage loans owned by Together ABS totalled £275.0 million.

Under the Together ABS Mortgage Sale Agreement, legal title to the mortgage loans and their collateral security remains with each relevant TABS Seller until the occurrence of a Perfection Event (as defined therein), which include the following: (i) the occurrence of an insolvency event; (ii) the requirement for the relevant servicer to perfect legal title to the mortgage loan (a) by law, (b) by order of a court of competent jurisdiction or (c) by a regulatory authority which has jurisdiction over a relevant servicer; (iii) a relevant servicer calling for perfection by serving notice in writing to that effect on Together ABS and the security trustee; (iv) the occurrence of a relevant servicer termination event where (a) servicing has not been moved within the Borrower Group following the expiry of all applicable grace periods; or (b) no replacement relevant servicer has been appointed in accordance with the provisions of the Together ABS Servicing Deed; (v) the security created under or pursuant to a deed of charge or any material part of that security being, in the opinion of the security trustee (acting reasonably), in jeopardy; (vi) the delivery of an enforcement notice by the note trustee on Together ABS; or (vii) it becoming unlawful in any applicable jurisdiction for a relevant servicer to hold legal title in respect of any mortgage loan or its collateral security in the portfolio.

Each interest in a mortgage purchased by Together ABS from the TABS Sellers must meet certain eligibility criteria, including, *inter alia*, 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. In the event of material non-compliance at the time of sale with such eligible criteria for any loan sold to Together ABS, the relevant TABS Seller may be required to repurchase or substitute such non-compliant loan. Substitution or repurchase may also be required if a loan is non-compliant in certain other limited circmstances as provided by the Together ABS Mortgage Sale Agreement.

Pursuant to the Together ABS Mortgage Sale Agreement, the relevant TABS Seller may substitute or repurchase a mortgage and the respective collateral security by making a cash payment and/or substituting the mortgage and respective collateral with another such that the aggregate principal amount of the new mortgage and security is equal to the principal balance of the mortgage and security being substituted or repurchased. If the TABS Seller opts to substitute the mortgage with a new mortgage, such new mortgage and the portfolio as a whole must meet certain conditions, including: (i) no more than 7.5% of the portfolio by principal balance has interest payments 3 months or more in arrears; (ii) the weighted average of the original loan to the value ratio is not more than 65%; (iii) interest-only mortgage loans consist of not more than 60% of the portfolio by principal; (iv) the current loan to value ratio of each mortgage loan at the time of inclusion is not more than 82.5%, (v) total accumulated further mortgage advances, product switches and substitute mortgage loans in aggregate constitute no more than 5% of the portfolio by principal balance; (vi) buy-to-let loans constitute no more than 60% of the portfolio by principal balance; (vii) not more than 10% of the portfolio by principal balance where the borrower under the mortgage loan has been subject to a competent court judgment in the three years prior to the date of origination of such mortgage loan; (viii) second mortgage loans constitute no more than 75% of the portfolio by principal balance; and (ix) the weighted average interest rate of the mortgage loans in the portfolio shall be no less than one month LIBOR plus 3.5% at any time. The average remaining term of the mortgage loans and related security cannot be known with certainty since it is based on various unknown factors. The calculation of the weighted average remaining contract term of the TABS mortgage loans based on certain assumptions (including that all loans will be repaid at their respective contractual maturity) is estimated at 15.5 years, with the shortest and longest remaining contractual term at inception of 0.6 years and 29.7 years, respectively.

Under the Together ABS Mortgage Sale Agreement, the rights of parties to pursue legal action against Together 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 Together ABS, entirely waived.

Together ABS Cash Administration Agreement

The Together ABS Cash Administration Agreement (the “Together ABS Cash Administration Agreement”) is an agreement entered into among, *inter alios*, Together ABS, the Company as the cash administrator (the “Together ABS Cash Administrator”) and the TABS Sellers. Pursuant to the terms of the Together ABS Cash Administration Agreement, amounts collected from the TABS Sellers from servicing the loans owned by

Together ABS are allocated to the parties pursuant to the Together ABS Cash Administration Agreement by the Together ABS Cash Administrator. Amounts received from the mortgage loans sold pursuant to the Together ABS Mortgage Sale Agreement, which the TABS Sellers agree to service by way of the Together ABS Servicing Deed, as described below, are deposited initially into the collection accounts of each TABS Seller and transferred within two business days to an account in the name of Together ABS. Together ABS maintains a cash reserve at National Westminster Bank plc in accordance with the terms of the Together ABS Cash Administration Agreement.

Pursuant to the Together ABS Cash Administration Agreement, the Company as agent of the TABS Sellers makes determinations on a monthly basis of the amounts received in connection with the TABS Securitization as well as the calculations necessary to determine compliance with the covenants of the TABS Securitization. The Together ABS Cash Administrator, per its determinations, allocates funds to the parties to the TABS 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 TABS Securitization are allocated on a waterfall, pursuant to which after certain payments of fees and expenses, the TABS Notes from classes A through E recover in priority from A to E and any remainder will be for the account of the TABS Notes Class R and Class Z and the residual certificates.

Pursuant to the Together ABS Cash Administration Agreement, the Cash Administrator will publish, on behalf of Together ABS, a monthly investor report (the "Investor Report") detailing, among other things, certain aggregated loan file data in relation to the portfolio in respect of the relevant collection period, information in relation to the notes, including, but not limited to, the ratings of the Rated TABS Notes, amounts paid by Together ABS pursuant to any priority of payments and confirmation of the TABS Sellers' compliance with Article 405 of the Capital Requirements Regulation, Article 41 of the AIFM Regulation and Article 254 of the Solvency II Regulation.

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

Together ABS Servicing Deed

The Together ABS Servicing Deed (the "Together ABS Servicing Deed") is an agreement entered into among, *inter alios*, the security trustee, the TABS Sellers and Together ABS.

Pursuant to the Together ABS Servicing Deed, the TABS Sellers agree to provide administration and management services to Together ABS in relation to the loans related to the TABS Securitization and the respective security. The TABS Sellers receive a fee based on the outstanding principal amount of mortgages each TABS Seller services as consideration for acting in this role. Each relevant servicer has the power, among other things, to exercise the rights, powers and discretions of Together ABS and the TABS Seller in relation to the mortgage loans and their collateral security and to perform obligations of Together ABS and the TABS Seller in relation to the mortgage loans and their collateral security and to do or cause to be done any and all things which the relevant servicer reasonably considers necessary, convenient or incidental to the administration of the mortgage loans and their collateral security or the exercise of such rights, powers and discretion.

Pursuant to the Together ABS Servicing Deed, the TABS Sellers' appointment may be terminated in certain limited scenarios, such as when the relevant servicer defaults in the payment on the due date of any payment due and payable by it under the Together ABS Servicing Deed and such default continues without being remedied, or when the relevant servicer defaults in the performance or observance of any of its covenants and obligations under the related Together ABS Servicing Deed, among others.

Under the Together ABS Servicing Deed, the rights of the parties to pursue legal action against Together ABS, other than with regard to the deeds of charge, are limited and, in respect of any personal liability owed by any shareholder, officer, agent or director of any party to the Together ABS Servicing Deed, entirely waived. The relevant servicer's liability in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise in respect of the Together ABS Servicing Deed is limited to £1,500,000 in aggregate for so long as the TABS Sellers are appointed and cannot include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever. The relevant servicer's limitation on liability does not apply as a result of the breach of certain standby servicing agreement or the fraud, wilful default or gross negligence of the relevant servicer.

Together ABS Standby Servicing Agreement

The Together ABS standby servicing agreement (the "Together ABS Standby Servicing Agreement") is an agreement entered into among, among others, Together ABS, the TABS Sellers, the security trustee and Link Mortgage Services Limited (formerly Capita Mortgage Services Limited) (the "TABS Standby Servicer").

Pursuant to the Together TABS Standby Servicing Agreement, upon termination of the appointment of a relevant servicer, the TABS Standby Servicer will (i) within 60 days of receipt of an invocation notice, operationally take over the servicing of the terminated relevant servicer's obligations and (ii) enter into a replacement servicing agreement substantially in the form of the original Standby Servicing Agreement with, among others, Together ABS and the security trustee, to document the terms of the services to be carried out by the TABS Standby Servicer (the "Together TABS Replacement Servicing Agreement").

Pursuant to the Together TABS Standby Servicing Agreement, the TABS Standby Servicer will conduct periodic onsite relevant servicer operational reviews on an annual basis or as deemed necessary.

Upon the TABS Standby Servicer assuming servicing responsibilities, the aggregate liability of the TABS Standby Servicer for breach, losses or any other claims arising under or in connection with the Standby Servicing Agreement or the Replacement Servicing Agreement shall not exceed for any twelve (12) month period the aggregate amount of fees paid and payable to the TABS Standby Servicer during any twelve (12) month period.

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 Revolving Credit Facility and the Notes and certain hedging arrangements (the "Security Agent"), among others, entered into an amendment and restatement of an existing intercreditor agreement originally dated November 9, 2007 and as amended and restated from time to time (that intercreditor agreement, as amended and restated most recently on October 13, 2016, 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 and intragroup debt. On or about the Issue Date, we expect that the Trustee will accede to the Intercreditor Agreement as a "High Yield Senior Secured Trustee". The lenders, holders and hedge counterparties referred to in (i) to (iv) above being the "Priority Creditors" and the indebtedness owing to those Priority Creditors under the documents referred to in (i) to (iv) above, being the Priority Debt.

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; (ii) our high yield senior secured notes (including the 2021 Notes and 2024 Existing Notes and the 2024 Additional 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 Funding and intragroup debt and any debt owing by an obligor to Midco2 ("Parent Debt") (as described below) (collectively, "Subordinated Debt"), is subordinated in right and priority of payment.

The Intercreditor Agreement will provide that an amount of the liabilities in respect of the Revolving Credit Facility (or any replacement or additional credit facility), which in aggregate constitutes an amount not greater than 10% of the outstanding principal amount of the Priority Liabilities, (but excluding any Priority Liabilities that receive priority status) and certain hedging liabilities (the "Super Senior Liabilities"), will receive priority in respect of the proceeds from any Distressed Disposal (as defined in the Intercreditor Agreement) and/or the enforcement of transaction security or guarantees, in the manner described under "*—Application of Amounts Recovered*."

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, 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.

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 2021 Notes and 2024 Existing Notes and the 2024 Additional Notes, in accordance with their respective governing documents.

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.

Until the discharge of all the liabilities in respect of the Revolving Credit Facility and the HY Liabilities (the "Senior Discharge Date") and subject to certain restrictions, members of our group may make certain payments in respect of certain Subordinated Debt, as agreed under the governing documents of that Subordinated Debt, so long as certain defaults have not occurred and not otherwise prohibited by the Indenture and 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 (including the Indenture), so long as certain defaults have not occurred and to the extent that such payment is not prohibited by the terms of the Indenture or by the term of any Revolving Credit Facility document.

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 (as defined in the Intercreditor Agreement) 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.

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 acting on the instructions of the instructing group.

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, the Notes or any other 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.

Instructions of the enforcement of Transaction Security may be delivered to the Security Agent by any of (i) the lenders representing in aggregate more than 66 2/3% of the outstanding Super Senior Liabilities (the "Majority Super Senior Lenders"), or (ii) creditors representing at least 50% of the aggregate principal amount of (A) the high yield senior secured notes under one or more indentures and (B) the Revolving Credit Facility (but excluding any such credit participants as will be counted towards the Super Senior Liabilities) and (C) the overdraft voting as a single block (the "Majority Pari Passu Secured Creditors"). If the Majority Super Senior Lenders or the Majority Pari Passu Secured Creditors 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 one or more indentures (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 Super Senior Lenders and the Majority Pari Passu Secured Creditors 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 Security Agent has received conflicting security enforcement instructions, the Security Agent, subject to certain exceptions, will act on the instructions of the Majority Pari Passu Secured Creditors where such security enforcement instructions are in accordance with the security enforcement principles.
- If under either of the bullet points above, the Security Agent is required to act on the instructions of the Majority Pari Passu Secured Creditors and either (i) enforcement has not commenced within 6 months of the date of the proposed enforcement instructions; or (ii) the Super Senior 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 Super Senior 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 Super Senior Lenders 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 Majority Pari Passu Secured Creditors 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.

Security Enforcement Principles

- The Intercreditor Agreement includes a security enforcement principle with the aim of maximizing, so far as is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security, the recovery by the secured parties under the under the Revolving Credit Facility, any high yield senior secured debt, the overdraft arrangements and the hedging arrangements (the "Security Enforcement Objective").
- The Transaction Security will be enforced and other action as to enforcement will be taken such that either:
  - all proceeds of enforcement are received by the Security Agent in cash for application in accordance with the order of application set forth below under "*—Application of Amounts Recovered*"; or
  - to the extent that the instructing group is the Majority Pari Passu Secured Creditors, sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the order of application set forth below under "*—Application of Amounts Recovered*," the Super Senior Liabilities (unless the Majority Super Senior Lenders agree otherwise).
- Enforcement must be prompt and expeditious and, subject to the terms of the Intercreditor Agreement, the time frame for the realization of value from the enforcement of the Transaction Security or Distressed Disposal will be determined by the relevant instructing group provided that it is consistent with the Security Enforcement Objective.
- Where proposed enforcement of Transaction Security is:
  - over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds £5,000,000 (or its equivalent); or
  - over some or all of the shares in a member of the Group over which Transaction Security exists,

the Security Agent shall (unless it is incompatible with enforcement proceedings in a relevant jurisdiction) appoint a "big four" accounting firm, any reputable and independent international investment bank or other reputable and independent professional services firm with experience in restructuring and enforcement to opine as expert on: (1) the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective; and (2) that the proceeds received from any such enforcement represent fair value from a financial point of view after taking into account all relevant circumstances. Such opinion will be conclusive evidence that the Security Enforcement Objective has been met.

Turnover

Until the Senior Discharge Date, if any party (subject, in the case of a High Yield Senior Secured Notes Trustee (as defined in the Intercreditor Agreement and which includes the Trustee), to actual knowledge), received or recovers any Recovery (as defined in the Intercreditor Agreement) except for any Permitted Payment that party to the Intercreditor Agreement 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 (as defined in the Intercreditor Agreement), on trust for the Security Agent for application in accordance with the order of application set forth below under "—*Application of Amounts Recovered*"; 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 advisor, receiver, delegate, attorney or agent) and the remuneration of the Security Agent (or any advisor, 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 or in any documents governing any other Priority Debt) incurred by or on behalf of the trustee under any indenture governing any high yield senior secured debt or in any documents governing any other Priority Debt (or any advisor, receiver, delegate, attorney or agent) and the remuneration of such trustee or creditor representative (or any advisor, 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, Priority Debt or the Intercreditor Agreement (together with VAT on all such amounts),

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:

  (A) in respect of proceeds from the enforcement of the Transaction Security or the proceeds of a Distressed Disposal (together, "Security Enforcement Recoveries"):

  - first, in or towards payment of the Super Senior Liabilities, on a pari passu basis as between themselves; and
  - second, in or towards payment of all Priority Liabilities, other than Super Senior Liabilities, on a pari passu basis as between themselves; or

  (B) in respect of amounts other than Security Enforcement Recoveries, in or towards the balance of all Priority Liabilities, on a pari passu basis as between themselves;

- fourth, in payment or distribution to the Security Agent for application in or towards payment of the Subordinated Debt, pari passu as between themselves; and
- fifth, after the Senior Discharge Date, in payment of the surplus (if any) to the relevant person entitled to it.

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) (i) sells or otherwise

disposes of (or proposes to sell or otherwise dispose of) any asset under any document governing that security, (ii) 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, or (iii) a member of the group sells or otherwise disposes of any asset pursuant to a disposal which is not a Distressed Disposal and which is permitted under the Secured Documents, 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 an issuer, 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 to the extent such amendments would conflict with the provisions of the Intercreditor Agreement and no amendments are permitted under the documents governing any Parent Debt or any Subordinated Shareholder Funding to the extent such amendment would adversely affect the holders of the Priority Liabilities.

Governing Law

The Intercreditor Agreement is governed by English law.

Senior PIK Toggle Notes

On November 2, 2016, the PIK Notes Issuer issued £220.0 million 10½%/11¼% Senior PIK Toggle Notes (the "PIK Notes"). The PIK Notes are governed by New York law. The PIK Notes will mature on November 15, 2021, unless earlier redeemed or repurchased and cancelled. The PIK Notes do not benefit from any credit support from the Company or its subsidiaries. Interest on the PIK Notes is payable semi-annually in arrears on each May 15 and November 15 of each year, commencing on May 15, 2017. The first and the last interest payment on the PIK Notes will be made in cash. For each other interest payment, the PIK Notes Issuer will be required to pay interest on the PIK Notes entirely in cash, unless certain conditions described in the PIK Notes Indenture are satisfied, in which case the PIK Notes Issuer will be entitled to pay, to the extent described therein, interest for such interest period by increasing the principal amount of the PIK Notes or by issuing PIK Notes in a principal amount equal to such interest. Interest payable on the PIK Notes accrues at a rate equal to 10.500% per annum for interest paid in cash and 11.250% per annum for interest paid in kind and capitalized yearly based on a 360-day year of twelve 30-day months.

The PIK Notes are senior obligations of the PIK Notes Issuer and effectively subordinated to all existing and future obligations of the subsidiaries of the PIK Notes Issuer, including the 2024 Additional Notes issued hereby, the 2021 Notes and 2024 Existing Notes, the Securitizations, borrowings outstanding under the Revolving Credit Facility, trade payables and lease obligations. The PIK Notes are secured by way of: (i) a pledge over the issued capital stock in Midco2 and (ii) an assignment of all existing and future intercompany loans in respect of which the PIK Notes Issuer is the lender, including, as of November 2, 2016, an intercompany loan made by the PIK Notes Issuer to Midco2 for the net proceeds of the offering of the PIK Notes and certain other intercompany receivables. The PIK Notes are not guaranteed.

The PIK Notes Indenture contains covenants for the benefit of the holders of the PIK Notes that, *inter alia*, limit the ability of the PIK Notes Issuer and its restricted subsidiaries, including, among others, the Issuer, to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain security interests;

- enter into sale and leaseback transactions;
- impose restrictions on the ability of PIK Notes Issuer's subsidiaries to pay dividends or make other payments to the PIK Notes Issuer;
- transfer, lease or sell certain assets, including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the PIK Notes.

These covenants are in general no more restrictive on the Company and its subsidiaries than those contained in the 2021 Notes Indenture and 2024 Notes Indenture, with the exception that certain unsecured indebtedness of the Company and its subsidiaries is limited to an amount not to exceed £25 million outstanding at any time.

These limitations are, however, subject to a number of important qualifications and exceptions. If the PIK 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. and no default has occurred and is continuing, certain covenants, including those governing the incurrence of debt and the limitation on restricted payments, will be suspended.

In order to establish the relative priority between the holders of the PIK Notes and Topco, as the lender under certain PIK Notes Issuer subordinated shareholder funding, the PIK Notes Issuer, the PIK Notes security agent and the PIK Notes trustee entered into the Subordination Deed. In addition, the Funds, the security agent for the Vendor Notes issued in connection with the Exit Transactions, Topco and the PIK Notes trustee entered into a standstill agreement pursuant to which the Funds and the security agent for the Vendor Notes agree that, until the earlier of the date that is 5.5 years subsequent to November 2, 2016 and the date on which all present and future liabilities and obligations at any time of the PIK Notes Issuer under or in respect of the PIK Notes and the PIK Notes Indenture have been fully and finally discharged to the satisfaction of the PIK Notes trustee, neither the Funds nor the security agent with respect to the Vendor Notes will take any enforcement action with respect to the Vendor Notes security document.

DESCRIPTION OF NOTES

Terms used in this "Description of Notes" have the meaning as assigned to them below in this section under "—Certain Definitions." Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture (as defined herein). In addition, the terms as defined under "—Certain Definitions" and in the Indenture (as defined herein) may not be comparable to similarly titled terms contained in other sections of this Offering Memorandum.

Jerrold FinCo plc (the "*Issuer*") will issue £150.0 million aggregate principal amount of 6⅛% Senior Secured Notes due 2024 (the "*New Notes*") under an indenture, dated as of February 22, 2017 (the "*Indenture*"), between, among others, the Issuer, Together Financial Services Limited (formerly Jerrold Holdings Limited) (the "*Company*"), the Guarantors named therein and Deutsche Trustee Company Limited, as trustee (the "*Trustee*"), pursuant to which the Issuer issued £200.0 million aggregate principal amount of its 6⅛% Senior Secured Notes due 2024 (the "*Original Notes*") issued on February 13, 2017 (the "*2017 Issue Date*"). The New Notes will be issued 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 Original Notes and any Additional Notes (as defined below) that are issued. The terms of the Notes include those set forth in the Indenture.

The New Notes constitute "Additional Notes" (as defined under the Indenture), and constitute a single class of debt securities with the Original Notes (including any Additional Notes) and any other Additional Notes issued under the Indenture for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Original Notes and the New Notes offered hereby will collectively be referred to in this "Description of the 2024 Notes," together with any Additional Notes (as defined below) issued after the date hereof, as the "Notes." The Indenture is not qualified under, does not incorporate or include and is not subject to, the U.S. Trust Indenture Act of 1939, as amended, including Section 316(b) thereof.

The proceeds of the offering of the New Notes sold on the 2018 Issue Date will be used by the Issuer and/or together with the proceeds from the offering of additional 6¼% Senior Secured Notes due 2021, to reduce drawn balances under the CABS Securitization through the repurchase of loan assets from Charles Street ABS, for general corporate purposes and to pay expenses in connection with the offering of the New Notes and/or the additional 6¼% Senior Secured Notes due 2021 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 Additional 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 Additional 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 Together Financial Services 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:

- are or will be general obligations of the Issuer;
- are or will, together with the obligations under the 2021 Notes, the Revolving Credit Facility and certain Hedging Obligations, be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full;

- rank or 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 2021 Notes, the Revolving Credit Facility and certain Hedging Obligations;
- rank or 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;
- are or will be guaranteed by the Guarantors;
- are or will be effectively subordinated to any existing and future Indebtedness that is secured by property or assets that do not secure the Notes, including all existing and future qualified securitization financings;
- are or 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;
- are or will be effectively subordinated to all of the Company's Subsidiaries that are not Guarantors and all existing and future qualified securitization financings; and
- are or will be structurally subordinated to all obligations of the Company's Subsidiaries that are not Guarantors.

Under the terms of the Intercreditor Agreement, the holders of the Notes will receive proceeds from distressed disposals and from the enforcement of the Collateral only after certain super senior priority obligations have been repaid in full, including (i) obligations under the Revolving Credit Facility and (ii) certain Hedging Obligations.

We estimate that, as of September 30, 2017, we would have had approximately £161.2 million "*restricted payment*" capacity under the "build-up" and the "general basket" under the Indenture and the 2021 Notes Indenture and the Revolving Facility Agreement. Following September 30, 2017, we made a dividend payment of £11.5 million to the Parent HoldCo of the Company for the purposes of servicing the interest payment due on the £220.0 million aggregate principal amount of the PIK Note Issuer's 10½%/11¼% Senior PIK Toggle Notes. Our restricted payments capacity is not necessarily an indication of our cash position on such date or any date in the future.

The Note Guarantees

The Notes are or will be, as applicable, guaranteed by Together Financial Services Limited (formerly Jerrold Holdings Limited), Blemain Finance Limited, Together Personal Finance Limited (formerly Cheshire Mortgage Corporation Limited), Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Together Commercial Finance Limited (formerly Lancashire Mortgage Corporation Limited), Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.co.uk Limited, Auction Finance Limited and Jerrold Holdings Limited (formerly Together Financial Services Limited and formerly Manchester Property Investments Limited). The Note Guarantee of each Guarantor:

- is or will be a general obligation of that Guarantor;
- is or will, together with such Guarantor's obligations under its guarantee of the Original Notes and the 2021 Notes, its guarantee of the Revolving Credit Facility and certain Hedging Obligations, be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full;
- ranks or 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 its guarantee of the 2021 Notes and the Original Notes, its guarantee of the Revolving Credit Facility and certain Hedging Obligations;
- ranks or 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;
- ranks or 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 Note Guarantees to the extent of the value of the Collateral;

- is or will be structurally subordinated to all existing and future Indebtedness of any Guarantor's subsidiaries that do not guarantee the Notes; and
- is or will be effectively subordinated to all existing and future Qualified Securitization Financings.

All of the Company's subsidiaries other than the Issuer and certain dormant and non-material subsidiaries are guaranteeing or will guarantee the Notes. Neither Charles Street Conduit Asset Backed Securitization 1 Limited ("*CABS*") nor, Lakeside Asset Backed Securitization 1 Limited ("*LABS*"), nor Delta Asset Backed Securitization 1 Limited ("*DABS*") nor Together Asset Backed Securitization 1 Limited ("*TABS*") are guaranteeing or will guarantee the Notes. As of and for the twelve months ended September 30, 2017, the Issuer and the Guarantors together represented 100% of our Adjusted EBITDA and owned 100% of our consolidated Total Assets (excluding assets owned by CABS, LABS, DABS and TABS).

The Notes and the Note Guarantees are or will be, as applicable, 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, LABS, DABS and TABS, orphan entities which are the obligors pursuant to the existing qualified securitization financings. 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) are or will be, as applicable, 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. Each of CABS, LABS, DABS and TABS is a special purpose securitization orphan company used in connection with an existing qualified securitization financing, and neither is a Subsidiary of the Company. Consequently, the Notes and the Note Guarantees are or will be, as applicable, effectively subordinated to the claims of the creditors of CABS, LABS, DABS and TABS in relation to their respective assets.

All of the Company's Subsidiaries are currently "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 any 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 in the offering £150.0 million in aggregate principal amount of New Notes on the 2018 Issue Date. 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 Original Notes, the New Notes and any Additional Notes subsequently issued under the Indenture are and will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture; *provided*, *however*, that unless such Additional Notes are fungible with the Original Notes for U.S. federal income tax purposes, such Additional Notes will be issued with a separate ISIN or Common Code. The Issuer will issue Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will mature on January 15, 2024.

Interest on the Notes will accrue at the rate of 6.125% per annum. Interest on the New Notes will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2018. 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 January 1 and July 1. Interest on the New Notes will accrue from January 15, 2018.

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. The interest amount will be calculated by applying the applicable rate to the aggregate principal outstanding of the Notes.

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*"). As of the date hereof, Principal Paying Agent is Deutsche Bank AG, London Branch, in London.

The Issuer will also maintain one or more registrars (each, a "*Registrar*"). As of the date hereof, the Registrar is Deutsche Bank Luxembourg S.A. in Luxembourg. The Issuer will also maintain a transfer agent (the "*Transfer Agent*") in Luxembourg. As of the date hereof, the Transfer Agent is Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act ("*Rule 144A*") are, and will 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*") are and will 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 are, and 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*") are, and 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 are, and 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 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 requires 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 under or 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 for tax purposes, or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer 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, or interest or premium, if any, 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 or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership or corporation) and the relevant Tax Jurisdiction (including being a resident, citizen or national of, or incorporated or engaged in 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 payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(5) any Taxes imposed or withheld by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer addressed to the holder and made at least 60

days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(6) any Taxes imposed pursuant to Sections 1471 through 1474, including Section 1471(b), of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") as of the Issue Date (or any amended or successor version of such Sections that are substantively comparable), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement thereto;

(7) any Tax imposed on or with respect to any payment by the Issuer 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

(8) any combination of items (1) through (7) 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 sale of the Notes by the initial purchasers), or the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes levied by any Tax Jurisdiction that are not excluded under clauses (1) through (3) or (5) through (7) above or any combination thereof).

If the Issuer 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 and Paying Agents on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee and Paying Agents promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agents to pay such Additional Amounts on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee and Paying Agents shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer 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 the 2024 Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, premium or interest or of any other amount payable under, or with respect to, any of the Notes 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 and any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any

successor Person to the Issuer 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 political subdivision thereof or therein.

Note Guarantees

The Original Notes are, and the New 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—Risks Relating to the 2024 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 are or 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 is and 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—Risks Relating to the 2024 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 obligations under the Notes, the 2021 Notes, the Revolving Credit Facility, certain Hedging Obligations and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, are or will be, as applicable secured equally and ratably by first-priority Liens over the Collateral, however, any proceeds received upon any distressed disposal with respect to, or enforcement over, any of the Collateral will only be applied in repayment of the Notes, and all other debt secured on a priority basis with the Notes (including the 2021 Notes and the Original Notes), after all liabilities in respect of the obligations under the Revolving Credit Facility and certain priority Hedging Obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any Additional Intercreditor Agreement), if any, have been paid from such recoveries. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The Collateral is or will be, as applicable, 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 Collateral includes or will include, as applicable, 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 and the 2021 Notes 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.

Each holder of Notes, by accepting a Note, shall be deemed (1) to have authorized the Trustee to enter into the Intercreditor Agreement and the Security Agent to enter into the Security Documents and the Intercreditor Agreement and (2) to be bound thereby. Each holder of Notes, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its agent under the Security Documents, the Intercreditor Agreement, and authorizes it to act as such.

The holders of the Notes are not a party to the Security Documents, and therefore holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Security Agent, as applicable. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the holders. The Trustee, together with the trustee under an indenture dated October 13, 2016, pursuant to which the Issuer issued £375.0 million in aggregate principal amount of its 6¼% Senior Secured Notes due 2021 (the "2021 Notes Trustee") and the representative of any other Indebtedness *pari passu* with the Notes, will have the ability to direct the Security Agent to commence enforcement action under the Security Documents in certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor 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 any other Indebtedness secured thereby. No appraisals of the Collateral have been made in connection with this offering of the New 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 2024 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 secure or will secure, as applicable, 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 2021 Notes Indenture, the Revolving Credit Facility and the Security Documents, the Issuer and the Guarantors 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 Company 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*";

(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; or

(9) as otherwise permitted in accordance with the Indenture and the Security Documents.

The Trustee and the Security Agent will take all necessary action requested by the Issuer to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture and the relevant Security Document.

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 2021 Notes, the Revolving Credit Facility, certain Hedging Obligations and certain Deeply Subordinated Shareholder Indebtedness, the Issuer, each Guarantor, the agent under the Revolving Credit Facility, the 2021 Notes Trustee, the Security Agent and the Trustee have entered into the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, any obligations under the Notes, the Note Guarantees, the 2021 Notes, the guarantees of the 2021 Notes, 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; *provided*, *however*, that the holders of Notes will only receive proceeds from the enforcement of Collateral after certain super senior priority obligations have been paid in full, including (i) obligations under the Revolving Credit Facility and (ii) certain Hedging Obligations. In addition, the terms of the Intercreditor Agreement provide that any obligations under Deeply Subordinated Shareholder Indebtedness 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 2021 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 (including the 2021 Notes Indenture). Please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The Proceeds Loan

Upon the issuance of the New Notes, the Issuer, as lender, and the Company, as borrower, will amend the Proceeds Loan Agreement such that pursuant to this amended Proceeds Loan Agreement (the "*Amended Proceeds Loan Agreement*") the Issuer will loan to the Company an amount equal to the aggregate principal amount of the New Notes on the 2018 Issue Date pursuant to a proceeds loan (the "*Additional Proceeds Loan*").

The Amended Proceeds Loan Agreement will provide that the Additional Proceeds Loan will be denominated in pounds sterling in an aggregate principal amount equal to the aggregate principal amount of the Original Notes and the New Notes. The Additional Proceeds Loan will bear interest at a rate at least equal to the interest rate of the Notes. Interest on the Additional 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 Additional Proceeds Loan will be the same maturity date as the maturity date of the Notes. The Additional Proceeds Loan will be an unsecured obligation of the Company.

Except as otherwise required by law, all payments under the Amended Proceeds Loan Agreement will be made without deduction 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 Additional 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 Additional 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 January 15, 2020, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 10 nor more than 60 days'

notice, at a redemption price equal to 106.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided* that:

(1) at least 60% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to January 15, 2020, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except as described under "*—Redemption for Changes in Taxes*," the Notes will not be redeemable at the Issuer's option prior to January 15, 2020.

On or after January 15, 2020, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on January 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
2020	103.063%
2021	101.531%
2022 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.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, however, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. Notwithstanding anything else in the Indenture or the Notes to the contrary, redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

The Issuer or its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in

respect of the Notes, the Issuer 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 before, and becomes effective on or after, the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change has not been publicly announced before, and becomes effective on or after, the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clause (1) and this clause (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer 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 the later of 60 days from the date such notice is mailed or delivered and the date of the completion of the Change of Control, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control apply 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 require the Issuer to offer to repurchase the 2021 Notes under the terms of the 2021 Notes Indenture and would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility may not constitute a Change of Control under the Indenture. The future Indebtedness of the 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 captions "—*Optional Redemption*" or "—*Redemption for Changes in Taxation*" conditioned, if at all, upon completion of the Change of Control, in each case, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control if a definitive agreement is in place for the Change of Control or an offer or other transaction that if consummated would result in a Change of Control has been publicly announced and, if applicable, not withdrawn at the time the Change of Control Offer is made.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the 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 the greater of £20.0 million and 1.2% of Total Assets of the Company at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(1) (a) to repay, repurchase, prepay or redeem (i) Indebtedness of the Issuer or any 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, (ii) Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor or Indebtedness of the Company or a Restricted Subsidiary that is secured by a Lien on assets or property which do not constitute Collateral, (iii) the Notes pursuant to (x) an offer, on a *pro rata* basis, to all holders of Notes at a purchase price equal to at least 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of

purchase (a "*Notes Offer*") or (y) the redemption provisions set forth in the Indenture, or (b) to make an Asset Sale Offer (as defined below) to all holders of the Notes and holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees (including, but not limited to, the 2021 Notes), 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 fund loan assets in the ordinary course of business and acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(5) pursuant to a binding commitment to apply the Net Proceeds pursuant to clause (1), (2), (3), (4) or (6) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(6) any combination of the foregoing;

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 Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds £20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other *Pari Passu* Indebtedness to purchase, prepay or redeem the maximum principal amount of Notes and such other *Pari Passu* Indebtedness (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company 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, in the case of Notes issued in certificated form, the Paying Agent (or the Registrar, as applicable) will select Notes for redemption on a *pro rata* basis or based on a

method that most nearly approximates a *pro rata* selection as the Issuer deems fair and appropriate, unless such other method is otherwise required by law or applicable stock exchange requirements and, in the case of Notes issued in global form, as discussed under "*Book-Entry, Delivery and Form*." Notes will be selected in compliance with the relevant depositary's requirements and in compliance with applicable law and any applicable stock exchange requirements. Neither the Paying Agent nor the Registrar shall be liable for any selections made in accordance with this paragraph.

No Notes of £100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge of the Indenture, requests that the Trustee distribute to the Holders of the Notes amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions set forth under "—*Satisfaction and Discharge*," the applicable redemption notice will state (i) that Holders of the Notes will receive such amounts deposited in trust with the Trustee prior to the date fixed for redemption and (ii) such earlier payment date.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The 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 or any Deeply Subordinated Shareholder Indebtedness 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 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 Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (10), (12), (14) and (15) 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 July 1, 2013 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 Company 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 Company for such period; *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company 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;

(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 Company, any of its Restricted Subsidiaries or any Parent Holdco of the Company pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests or Deeply Subordinated Shareholder Indebtedness may not exceed £6.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the 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 or any Parent Holdco (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed £5.0 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, the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent Holdco of the Company to pay, dividends on the Capital Stock of the Company or any Parent Holdco, following a Public Equity Offering that results in a Public Market of the Capital Stock of the Company or any Parent Holdco, in an amount per annum not to exceed the greater of (a) 6.0% of the net cash proceeds received by the Company from such Public Equity Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or loaned as Deeply Subordinated Shareholder Indebtedness to the Company and (b) 6.0% of the Market Capitalization of the IPO Entity; *provided* that in the case of clause (b) of this paragraph, after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Senior Secured Non-Securitization Leverage Ratio of the Company and its Restricted Subsidiaries shall be equal to or less than 2.5 to 1.00;

(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 Financings for so long as they constitute Qualified Securitization Financings);

(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 £30.0 million since the Issue Date;

(14) dividends or other distributions of capital stock of Unrestricted Subsidiaries; or

(15) dividends, loans, advances or distributions to any Parent Holdco or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

  (a) the amounts required for any Parent Holdco, without duplication, to pay any Parent Expenses or any Related Taxes; or

  (b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses incurred in connection with the Transactions or disclosed in the 2017 Offering Memorandum or (ii) to the extent specified in clauses (4), (5), (10) and (13) of the second paragraph under "*—Transactions with Affiliates*").

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Indebtedness that is unsecured shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The 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 2.0 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) 6.0% of Total Assets of the Company, *plus* (ii), in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness of the Company or any Restricted Subsidiary under the 2021 Notes and the guarantees thereof 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 of its Restricted Subsidiaries of Indebtedness representing Capital Lease Obligations, mortgage financings or purchase money obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed £20.0 million at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clause (2), (3), (5) or (14) of this paragraph;

(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 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 of its Restricted Subsidiaries 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 and 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 (a) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries or (b) incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary of the Company; *provided, however*, with respect to this clause (14), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (14) or (y) the Fixed Charge Corporate Debt Coverage Ratio of the Company would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(15) Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of the 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;

(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 £30.0 million; *provided* that the 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 £10 million; and

(18) Indebtedness of the Company and any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (18) and then outstanding, will not exceed 100% of the net cash proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Deeply Subordinated Shareholder Indebtedness or Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (a) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted

Payments under the first paragraph and clauses (2), (4) and (11) of the second paragraph of the covenant described above under "—*Restricted Payments*" to the extent the Company or any of its Restricted Subsidiaries incurs Indebtedness in reliance thereon and (b) any such net cash proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (18) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (4) and (11) of the second paragraph of the covenant described under "—*Restricted Payments*" in reliance thereon.

For purposes of determining compliance with this "*Incurrence of Indebtedness and Issuance of Preferred Stock*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the 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.

For purposes of determining compliance with any Total Asset percentage restriction on the incurrence of Indebtedness, the amount of such Total Assets will be the Total Assets determined on the date of the incurrence of such Indebtedness. Notwithstanding any other provision of this covenant, the maximum amount that the Company or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded, with respect to such incurrence, due solely to the result of fluctuations in the amount of Total Assets (and, for the avoidance of doubt, such Indebtedness will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (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.

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 (a) those agreements or (b) comparable transactions at the time of determination (as determined in good faith by the Company) and where, in the case of this sub-clause (b), the Company determines at the time of such amendment, restatement, modification, renewal, supplement, refund, replacement or refinancing that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest

payments on 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 2021 Notes Indenture, the 2021 Notes, the guarantees of the 2021 Notes, the Revolving Credit Facility, the Intercreditor Agreement, the Security Documents and the Existing Qualified Securitization Financings, in each case, as in effect on the Issue Date;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that (a) the restrictions therein are not materially less favorable, taken as a whole, to the holders of the Notes than in comparable financings (as determined in good faith by the Company), (b) the restrictions therein are not materially less favorable to the holders of the Notes than in the agreements listed in clause (2) above or (c) where the Company determines when such Indebtedness is incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the ability of the Issuer or the Guarantors, as applicable, to make principal or interest payments on 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;

(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 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 under any Additional Intercreditor Agreement; *provided* that the terms and conditions of any such encumbrances or restrictions are not materially less favorable, taken as a whole, to the holders of the Notes than those contained in (a) the agreement so extended, renewed, refinanced or replaced or (b) comparable transactions at the time of determination (as determined in good faith by the Company) and where, in the case of this sub-clause (b), the Company determines at the time of such amendment, restatement, modification, renewal, supplement, refund, replacement or refinancing that such encumbrances or restrictions 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 European Union, the United Kingdom, 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, (a) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Corporate Debt Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" or (b) have a Fixed Charge Corporate Debt Coverage Ratio of not less than the Fixed Charge Corporate Debt Coverage Ratio immediately prior to giving *pro forma* 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 European Union, the United Kingdom, Switzerland, Guernsey, Jersey, the Isle of Man, the British Virgin Islands, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of 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 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 the Fixed Charge Corporate Debt Coverage Ratio 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 European Union, the United Kingdom, 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 £5.0 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 £10.0 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 £40.0 million, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements or indemnity arrangements with any employee, consultant, officer or director of the Company 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 (or an entity that becomes a Restricted Subsidiary as a result of such transaction);

(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 or options, warrants or other rights to acquire such Equity Interests;

(6) any Restricted Payment that is permitted pursuant to the covenant described above under the caption "*—Restricted Payments*";

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (11) and (15) of the definition thereof);

(8) the incurrence of any Deeply Subordinated Shareholder Indebtedness;

(9) 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;

(12) any transaction effected as part of a Qualified Securitization Financing;

(13) execution, delivery and performance of any Tax Sharing Agreement or the formation or maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(14) any pledge of Capital Stock of Unrestricted Subsidiaries;

(15) any sale of assets or other disposition to an Unrestricted Subsidiary that complies with clauses (1) and (2) of the first paragraph of the covenant described above under "*—Repurchase at the Option of the Holders—Asset Sales*"; and

(16) transactions with Unrestricted Subsidiaries in the ordinary course of business.

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 executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a guarantee, which guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the incurrence of such Guarantee may reasonably be expected to give rise to or result in (a) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restrictions) of any applicable jurisdiction which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary (including "whitewash" or similar procedures) or (b) any risk or liability for the officers, directors or shareholders of such Restricted Subsidiary; *provided* that the 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).

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees of the Notes granted pursuant to this provision shall be released at the option of the Company upon such Guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such Note Guarantee, so long as no Default or Event of Default would arise as a result and no other Indebtedness guaranteed by, or incurred by, the relevant Guarantor would have required that such Guarantor provide a Note Guarantee pursuant to the terms of the Indenture immediately after the release of such Note Guarantee. The Trustee and the Security Agent shall each take all necessary actions reasonably requested by the Company to effectuate any release of a Guarantee of the Notes in accordance with these provisions.

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, 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), the 2021 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 and the 2021 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) and the 2021 Notes or the making of Restricted Payments in accordance with the covenant described under the caption "*—Restricted Payments*"; (4) related to the granting of Permitted Liens and Permitted Collateral Liens over its assets to secure the Indebtedness of any Restricted Subsidiary if the grant of such Liens were otherwise permitted by the Indenture; (5) related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence; (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; (9) reasonably related to the foregoing; and (10) not specifically enumerated above that is *de minimis* in nature.

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 may be reasonably required (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The 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 (other than the Issuer) 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.

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 permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction or any category of holders of Notes where (1) the solicitation of such consent, waiver or amendment, including in connection with any tender or exchange offer, or (2) the payment of the consideration therefor could reasonably be interpreted as requiring the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws and the laws of the European Union or any of its member states and the laws of the United Kingdom), which the Company in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of holders of Notes.

Maintenance of Listing

Each of the Issuer and the Guarantors will use its commercially reasonable efforts to obtain the listing of the Notes on the Official List of the Irish Stock Exchange and to admit the Notes for trading on the Global Exchange Market as promptly as practicable and will use its commercially reasonable efforts to maintain the listing of the Notes on the Official List of the Irish Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Global Exchange Market, and thereafter use its best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days following the end of each fiscal year of the Company beginning with the fiscal year ending June 30, 2017, annual reports containing the following information: (a) audited consolidated balance sheet of the Company as of the end of the most recent fiscal year (and comparative information as of the end of the prior fiscal year) and audited consolidated statements of income and cash flow of the Company for the most recent fiscal year (and comparative information for the prior fiscal year), including consolidated note disclosure to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below (*provided* that such *pro forma* financial information will be

provided only to the extent available without unreasonable expense, in which case, the 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; 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 March 31, 2017, quarterly reports, containing the following information: (a) an unaudited condensed consolidated balance sheet of the Company as of the end of such quarter and unaudited statements of income and cash flow of the Company for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with consolidated note disclosure; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials); (c) an operating and financial review of the unaudited condensed consolidated financial statements, including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; (d) loan portfolio analysis; and (e) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and its 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 IFRS. 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 the 2017 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 London.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes and the Trustee's receipt shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

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) "*—Restricted Payments*";

(3) "*—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(4) "*—Anti-Layering*";

(5) "*—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(6) "*—Designation of Restricted and Unrestricted Subsidiaries*";

(7) "*—Transactions with Affiliates*";

(8) "*—Additional Guarantees*"; and

(9) clause (4) of the first paragraph of the covenant described under "*—Merger, Consolidation or Sale of Assets*."

Such covenants and any related default provisions will again apply according to their terms from the first day on which the Notes cease to have Investment Grade Status. Such covenants will not, however, be of any effect with regard to the actions of the 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 deemed to have been incurred or issued pursuant to clause (2) of the second paragraph of the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

Events of Default and Remedies

Each of the following is an "*Event of Default*:"

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(4) failure by the Issuer or relevant Guarantor for 60 days after written notice (a) to the Issuer by the Trustee or (b) to the Issuer and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in the preceding clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the 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 £30.0 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clause (1), (2), (3), (4) or (5) of the definition thereof;

(6) 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 £30.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) 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;

(8) (i) any security interest created by any Security Document with respect to Collateral with an aggregate value exceeding £10.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, 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 £10.0 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

(9) 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% 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 and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "—*Amendment, Supplement and Waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past Default or Event of Default under the Indenture and its consequences, except a continuing Default or Event of Default in the payment of principal, interest or Additional Amounts or premium, if any on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected unless holders of not less than 90% in then outstanding principal amount waives such Default or Event of Default).

The 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 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 three 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 percentage of principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) (a) reduce the principal of or change the fixed maturity of any Note or (b) reduce the purchase price payable upon the redemption of any such Note or (c) change the time (other than notice periods) at which any such Note may be redeemed, in the case of each (b) and (c) as described above under "—*Optional Redemption*" and "—*Redemption for Changes in Taxes*";

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in a currency other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—*Repurchase at the Option of Holders*");

(9) release 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.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants described under "—*Certain Covenants*," shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors, the Trustee and the Security Agent (in the case of the Security Documents only) 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; *provided* that such uncertificated Notes shall be in "registered form" for the purposes of Section 163(f) of the Code;

(3) to provide for the assumption of the Issuer's 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 and the Security Agent shall be entitled to rely absolutely on such evidence as each deems appropriate, including an opinion of counsel and an Officer's Certificate.

Additional or Amended Intercreditor Agreement

The Indenture provides 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 also provides 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 Issuer may only direct the Trustee to enter into any amendment to the extent such amendment and/or restatement of the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

The Indenture provides 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 delivery of a notice of redemption by the Trustee in the name, and at the expense, of the Issuer or otherwise or will become due and payable within one year and the Issuer 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; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the holders prior to maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall have received at least five Business Days' notice from the Issuer of such earlier payment date (which may be included in a notice of redemption).

Judgment Currency

Any payment on account of an amount that is payable in sterling which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer 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 will limit the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it acquires actual knowledge that it has any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing, of which a responsible officer of the Trustee has actual knowledge or written notice, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance and administration of the Indenture, including, without limitation, in connection with distributing trust funds to Holders at the request of the Company (and in accordance with the Indenture) as set forth under "*—Satisfaction and Discharge*."

Listing

Application has been made to list the New Notes on the Official List of the Irish Stock Exchange and to admit the New Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the New Notes on the Official List of the Irish Stock Exchange and to admit the New Notes for trading on the Global Exchange Market will be approved and settlement of the New Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may 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, Together Financial Services Limited, Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, copies, current and future, of all of the Issuer's annual audited consolidated financial statements and the Issuer's unaudited consolidated interim financial statements, as applicable, and this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in London.

Governing Law

The Indenture, the Notes and the Note Guarantees are or will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement, the Security Documents, the Proceeds Loan and the Additional Proceeds Loan are or will be governed by English law.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and each Guarantor, will appoint Corporation Service Company as its authorized agent, which is presently located at 1133 Avenue of the Americas, Suite 3100, New York, New York 10036, United States of America as its agent for service of process in any suit, action or proceeding with respect to the Indenture, 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 three 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.

"2017 Offering Memorandum" means the Offering Memorandum dated February 15, 2017 related to the issue of the Original Notes.

"*2021 Notes*" means the £375.0 million aggregate principal amount of $6^1/_4$% Senior Secured Notes due 2021 issued by the Issuer on October 13, 2016 pursuant to the 2021 Notes Indenture.

"*2021 Notes Indenture*" means the Indenture, dated as of October 13, 2016, by and among the Issuer, Deutsche Bank Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, principal paying agent, Deutsche Bank Luxembourg, as registrar and transfer agent, Royal Bank of Scotland plc, as security agent, and the guarantors party thereto, as may be amended from time to time.

"*2021 Notes 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 2021 Notes, pursuant to the 2021 Notes Proceeds Loan Agreement.

"*2021 Notes Proceeds Loan Agreement*" means the loan agreement made as of October 13, 2016 by and between the Company, as borrower, and the Issuer, as lender, as may be amended from time to time.

"*2021 Notes Trustee*" means the trustee under the 2021 Notes Indenture.

"*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 January 15, 2020 (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 January 15, 2020 (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.

"*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 not to exceed the greater of £6.0 million or 0.4% of Total Assets of the Company;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(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;

(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;

(13) any sale, transfer or other disposition of Securitization Assets and related assets in connection with or related to any Qualified Securitization Financing; and

(14) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "*Beneficially Owns*" and "*Beneficially Owned*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the Board of Directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London or New York or a place of payment under the Indenture are authorized or required by law to close.

"*CABS*" means Charles Street Conduit Asset Backed Securitization 1 Limited.

"*CABS Note Issuance Facility Agreement*" means the note issuance facility agreement, dated November 12, 2007 and as amended, extended, restated, modified, renewed, novated, replaced or supplemented from time to time, with, among others, the Company, as cash administrator, CABS, as note issuer and The Royal Bank of Scotland plc, as facility agent, security trustee and standby cash administrator.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, the United Kingdom or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United States of America, the United Kingdom or Switzerland, as the case may be, and which are not callable or redeemable at the issuer's option and which have a credit rating of "A" or better from S&P and "A2" or better from Moody's;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits and similar instruments with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof or of the United Kingdom or Switzerland; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "Baa1" or higher by Moody's or "BBB+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition;

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition; and

(6) any investments classified as cash equivalents under IFRS.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the 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; or

(4) 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.

"*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 and/or its Restricted Subsidiaries other than a Securitization Subsidiary) 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 and/or its Restricted Subsidiaries other than a Securitization Subsidiary) 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 and/or its Restricted Subsidiaries other than a Securitization Subsidiary); *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) 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 unless paid by the Company and its Restricted Subsidiaries other than a Securitization Subsidiary); *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 IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS (or generally accepted accounting principles applicable in the United Kingdom for periods ending prior to July 1, 2015) and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "*—Certain Covenants—Restricted Payments*," any net income (loss) of any Restricted Subsidiary (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 2021 Notes, 2021 Notes Indenture, 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 or 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, less the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Company and its Restricted Subsidiaries as of such date in accordance with IFRS up to an amount not to exceed £25.0 million.

"*Consolidated Senior Secured Non-Securitization Leverage Ratio*" means, with respect to any Person, the ratio of (1) the Consolidated Senior Secured Non-Securitization Leverage of such Person on such date to (2) the Consolidated EBITDA 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 Consolidated Senior Secured Non-Securitization Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Non-Securitization Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Senior Secured Non-Securitization Leverage 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.

In addition, for purposes of calculating the Consolidated Senior Secured Non-Securitization Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) 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; and

(4) 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.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes, debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the 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.

"*DABS*" means Delta Asset Backed Securitization 1 Limited.

"*DABS Facility Agreement*" means the facility agreement, dated January 26, 2017 and as amended, extended, restated, modified, renewed, novated, replaced or supplemented from time to time, with, among others, the Company as cash administrator, DABS as borrower, Goldman Sachs Bank USA as Lender, Elavon Financial Services DAC, UK Branch as facility agent and U.S. Bank Trustees Limited as security trustee.

"*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 six-month anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the six-month anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default, accelerate, place on demand or exercise any remedies or take any enforcement action, in each case, prior to the three-month 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 Parent Debt (as defined in the Intercreditor Agreement) is subordinated to the Notes under the Intercreditor Agreement and shall be deemed Parent Debt under the Intercreditor Agreement (or such comparable term in any Additional Intercreditor Agreement); and

(6) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company,

provided, *however*, that after any event or circumstance that results in such Indebtedness ceasing to qualify as Deeply Subordinated Shareholder Indebtedness, such Indebtedness shall constitute an incurrence of such Indebtedness by the 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 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, the principal of, or accrued interest or other amounts due on, loans held by or repayable to such Person and/or its Restricted Subsidiaries in the ordinary course of business; *provided*, that (a) at least 90% of such assets used to calculate "Eligible Loan Assets" are 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 principal loan amounts 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); and (b) such assets are subject to either a fixed or floating charge pursuant to a Security Document.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means a sale of Capital Stock (other than Disqualified Stock) of the 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.*"

"*Existing Qualified Securitization Financings*" means (1) the Obligations of CABS under the CABS Note Issuance Facility Agreement, (2) the Obligations of LABS under the LABS Note Issuance Facility Agreement and (3) the Obligations of DABS under the DABS Facility Agreement.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the 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 IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Non-Securitization Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Non-Securitization Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*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 January 15, 2020; *provided*, *however*, that if the period from such redemption date to January 15, 2020 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) Together Financial Services Limited (formerly Jerrold Holdings Limited), Blemain Finance Limited, Together Personal Finance Limited (formerly Cheshire Mortgage Corporation Limited), Factfocus Limited, General Allied Properties Limited, Harpmanor Limited, Jerrold Mortgage Corporation Limited, Together Commercial Finance Limited (formerly Lancashire Mortgage Corporation Limited), Spot Finance Limited, Supashow Limited, Classic Car Finance Limited, Bridging Finance Limited, Bridgingfinance.co.uk Limited, Auction Finance Limited, and Jerrold Holdings Limited (formerly Together Financial Services Limited and formerly Manchester Property Investments 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.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed by the European Union as in effect on the Issue Date.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the notes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "*Indebtedness*" shall not include:

(1) Deeply Subordinated Shareholder Indebtedness;

(2) any lease of property which would be considered an operating lease under IFRS in effect on the Issue Date and any guarantee given by the 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.

"*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 and most recently on October 13, 2016, made between, among others, the Security Agent, the agent for the Revolving Credit Facility and the other parties named therein, and to which the Trustee will accede on the Issue Date.

"*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 IFRS. 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.

"*IPO Entity*" means the Company or any Parent Holdco or any successor of the Company or any Parent Holdco, in each case, to the extent that it consummates a Public Equity Offering.

"*Issue Date*" means February 22, 2017.

"*LABS*" means Lakeside Asset Backed Securitization 1 Limited.

"*LABS Note Issuance Facility Agreement*" means the note issuance facility agreement, dated August 13, 2015, and as amended, extended, restated, modified, renewed, novated, replaced or supplemented from time to time with, among others, the Company, as cash administrator, LABS, as note issuer, HSBC Bank plc, as facility agent and liquidity provider and HSBC Corporate Trustee Company (UK) Limited, as Security Trustee.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers or employees of the 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.

"*Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied* by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc.

"*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 IFRS.

"*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 attributable to cash deposits) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period (other than any consolidated interest expense attributable to any Qualified Securitization Financing), whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings (and, for the avoidance of doubt, excluding any of the foregoing with respect to any Qualified Securitization Financing); *plus*

(2) the consolidated interest expense (but excluding such interest on Deeply Subordinated Shareholder Indebtedness) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period (other than any consolidated interest expense attributable to any Qualified Securitization Financing); *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries (other than any interest on Indebtedness attributable to any Qualified Securitization Financing); *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness (other than any interest attributable to any Qualified Securitization Financing); *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends 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 specific allowances for impairment with respect to such Eligible Loan Assets of such Person and its Restricted Subsidiaries, in each case, as calculated in accordance with IFRS.

"*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.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) incurred by any Parent Holdco in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent Holdco in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) fees and expenses payable by any Parent Holdco in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent Holdco related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent Holdco;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent Holdco or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Deeply Subordinated Shareholder Indebtedness of the Company, in an amount not to exceed £2.0 million in any fiscal year; and

(7) expenses incurred by any Parent Holdco in connection with any Public Equity Offering or other sale of Capital Stock or Indebtedness:

   (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

   (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

   (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Holdco shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Pari Passu Indebtedness*" means (1) any Indebtedness of the Issuer that ranks *pari passu* in right of payment to the Notes and (2) any Indebtedness of a Guarantor that ranks *pari passu* in right of payment to the Note Guarantee of such Guarantor.

"*Permitted Business*" means (1) any businesses, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date, (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 and (3) any other type of financial service or activity.

"*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 (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) 75%, 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, 80%; *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 Indebtedness permitted to be incurred by clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" up to an amount equal to 10% of the aggregate principal amount of Senior Secured Non-Securitization Indebtedness (excluding any Senior Secured Non-Securitization Indebtedness that receives priority status or any Indebtedness that is Senior Secured Non-Securitization Indebtedness pursuant to clause (2) of the definition thereof) may receive priority in respect of the proceeds from distressed disposals and/or the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the

Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement; 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 (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 £60.0 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 Indebtedness permitted to be incurred by clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" up to an amount equal to 10% of the aggregate principal amount of Senior Secured Non-Securitization Indebtedness (excluding any Senior Secured Non-Securitization Indebtedness that receives priority status or any Indebtedness that is Senior Secured Non-Securitization Indebtedness pursuant to clause (2) of the definition thereof) may receive priority in respect of the proceeds from distressed disposals and/or the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement; *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 the 2021 Notes outstanding on the Issue Date (including the guarantees thereof); 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 remain a party to the Intercreditor Agreement as "Secured Parties" (or the corresponding term in any Additional Intercreditor Agreement);

(5) Liens on the Collateral to secure Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to the preceding clause (1), clause (2), clause (4) or this clause (5); 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;

(6) Liens on the Collateral securing Hedging Obligations that relate solely to Indebtedness referred to in clauses (1) through (5) above which are permitted to be incurred 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 and the Note Guarantees on a senior or pari passu basis), which Indebtedness may receive priority in respect of the proceeds from distressed disposals and/or the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement; 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);

(7) Liens on the Collateral to secure 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 (7)) 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 or an Additional Intercreditor Agreement with rights and obligations substantially similar to the rights and obligations of a "Noteholder" as described in the Intercreditor Agreement as in effect on the Issue Date; and

(8) 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 and (2) Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the 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, the 2021 Notes and any Additional Notes and any other Indebtedness of the Company or any Restricted Subsidiary and Investments pursuant to the Proceeds Loan and the 2021 Notes Proceeds Loan;

(11) any guarantee of Indebtedness permitted to be incurred by the covenant entitled "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the 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 entitled "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) Management Advances;

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of £40.0 million and 2.3% of Total Assets of the Company; provided that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "*—Certain Covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause; and

(16) any transaction constituting an Investment that is permitted by, and made in accordance with, the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Transactions with Affiliates*" (except those described in clauses (3), (6), (7), (9), (10), (11), (14) and (15) of such paragraph).

"*Permitted Liens*" means:

(1) Liens on the assets of the Company or any Restricted Subsidiary 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 entitled "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's, mechanics' and solicitors' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or 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 set-off or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) Liens on Securitization Assets and related assets incurred in connection with any Qualified Securitization Financing;

(20) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the 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 (a) escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or (c) government securities purchased with such cash, in either case of (b) or (c) only, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(30) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) and (6) and this clause (30); provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under the written arrangements under which the original Lien arose could secure) the relevant Indebtedness; and

(31) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary securing Indebtedness of the Company and its Restricted Subsidiaries that does not exceed the greater of £10.0 million and 0.6% of Total Assets of the Company at any one time outstanding.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the 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.

"*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.

"*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 public offering of the ordinary shares or common equity of such Person that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% or such other minimum percentage of public float required by the relevant stock exchange or listing authority of the total issued and outstanding ordinary shares or common equity of the

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, LABS, DABS or other transferees of such accounts receivable and related assets) except to a limited extent customary for such transactions.

"*Related Parties*" means:

(1) any majority owned Subsidiary or immediate family member (including spouses, children and other descendants) of any Permitted Holder; and

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which, respectively, consist of any one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (1).

"*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 Company under the Revolving Facility Agreement.

"*Revolving Facility Agreement*" means the £29,000,000 facility agreement, dated as of November 9, 2007 and as amended and restated from time to time, by and among the Company, as borrower, The Royal Bank of Scotland plc and HSBC Bank plc, as lenders, and The Royal Bank of Scotland plc, as arranger, agent and security agent, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*S&P*" means Standard & Poor's Global Ratings.

"*SEC*" means the United States Securities and Exchange Commission.

"*Securitization Assets*" means any accounts receivable, loan advances, royalty or revenue streams from sales of loans, receivables or other revenue streams in the ordinary course of business subject to a Qualified Securitization Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the 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.

"*Securitization Subsidiary*" means CABS, LABS, DABS or any other subsidiary or special purpose vehicle through which a Qualified Securitization Financing is operated.

"*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 charge dated January 24, 2017 between, inter alios, the Issuer, the guarantors of the 2021 Notes and the 2021 Notes Security Agent with respect to the 2021 Notes, (3) the fixed and floating debenture dated November 15, 2007 between, inter alios, the Issuer, the Guarantors and the Security Agent, (4) 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, 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), (5) or (6) of the definition thereof or (2) Indebtedness of a Restricted Subsidiary that is not a Guarantor or the Issuer (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.

"*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 six-month anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the 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 Second Lien 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 IFRS to be consolidated in the consolidated financial statements of such Person; and

(4) any subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 and any company which would be a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "Taxes" and "Taxation" shall be construed to have corresponding meanings.

"*Tax Sharing Agreement*" means any tax sharing or profit or loss pooling or similar agreement with customary or arm's length terms entered into with any parent company or any Unrestricted Subsidiary.

"*Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with IFRS, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any of its Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of such Person for which internal financial statements are available.

"*Transactions*" means the issuance of the Original Notes and the use of proceeds thereof as described in "*Use of Proceeds*" in the 2017 Offering Memorandum and the payment or incurrence of any fees, expenses or charges associated with any of the foregoing.

"*U.K. Government Securities*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*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 the covenant described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" and any Subsidiary of an Unrestricted Subsidiary; but only to the extent that such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

The 2024 Additional Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes"). The Regulation S Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The 2024 Additional Notes sold within the United States to QIBs pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes," and together with the Regulation S Global Notes, the "Global Notes"). The 144A Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (the "144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests," and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of 2024 Additional Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests in order to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer, the Trustee, any Paying Agent, the Transfer Agent nor the Registrar under the Indenture nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and Clearstream, as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all the applicable Notes are to be redeemed at any time, Euroclear and Clearstream will credit the accounts of participants on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than £100,000 principal amount at maturity may be redeemed.

Payments on Global Notes

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and additional amounts) to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective customary procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, any Paying Agent, the Transfer Agent nor the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the common depositary, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interest in such Notes through Euroclear or Clearstream in pounds sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be affected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Rule 144A Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of Notes—Transfer and exchange*," as applicable. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of Notes—Transfer and exchange,*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

- if Euroclear and Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream following an event of default under the indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to Investors*," unless that legend is not required by the applicable indenture or applicable law.

To the extent permitted by law, we, the Trustee, any Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

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

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the initial purchasers, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

As Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The 2024 Additional Notes represented by the Global Notes are expected to be admitted to trading on the Global Exchange Market and listed on the Official List of the Irish Stock Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, any Paying Agent, the Transfer Agent nor the Registrar will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the 2024 Additional Notes will be made in pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where the accounts of both the purchaser and the seller are located to ensure that settlement can be made on the desired value date.

NOTICE TO INVESTORS

The 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

(1) It understands and acknowledges that the 2024 Additional 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 2024 Additional Notes to it will be made in reliance on Rule 144A and the acquisition of 2024 Additional Notes will be for its own account or for the account of another QIB; or

    (ii) purchasing the 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional Notes, the Guarantees and the security documents as you deemed necessary in connection with your decision to purchase any of the 2024 Additional 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 2024 Additional 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 2024 Additional Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of 2024 Additional 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 2024 Additional Notes, and each subsequent holder of the 2024 Additional Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such 2024 Additional 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 2024 Additional Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom

notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(6) Each purchaser acknowledges that each Rule 144A note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(7) It agrees that it will give to each person to whom it transfers the 2024 Additional Notes notice of any restrictions on transfer of such 2024 Additional Notes.

(8) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the 2024 Additional 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.

(9) It acknowledges that the Registrar will not be required to accept for registration of transfer any 2024 Additional Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

(10) 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 2024 Additional Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the 2024 Additional Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the 2024 Additional 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 2024 Additional Notes is no longer accurate, it will promptly notify the initial purchasers. If it is acquiring any 2024 Additional 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.

Each person located in a Member State of the European Economic Area to whom any offer of the 2024 Additional Notes is made, or who receives any communication in respect of an offer of the 2024 Additional Notes, or who initially acquires any 2024 Additional Notes, or to whom the 2024 Additional Notes are otherwise made available will be deemed to have represented, warranted, acknowledged and agreed to and with each initial purchaser and the Issuer that it is not a retail investor. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

CERTAIN TAX CONSIDERATIONS

United Kingdom Tax Considerations

The following is a general description of certain UK tax consequences relating to the 2024 Additional 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 2024 Additional Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of 2024 Additional Notes and who hold 2024 Additional Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional advisor.

Interest on the 2024 Additional Notes

Payment of Interest on the 2024 Additional Notes

Interest on the 2024 Additional Notes will be payable without withholding or deduction for or on account of UK income tax provided the relevant 2024 Additional Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The Irish Stock Exchange is a recognised stock exchange for these purposes. Securities such as the 2024 Additional 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 2024 Additional Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes at the time the payment is made that (i) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (ii) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In other cases, an amount must generally be withheld from payments of interest on the 2024 Additional Notes on account of UK income tax at the basic rate (currently 20%), unless another relief or exemption applies (for instance, in connection with a direction by HMRC under an applicable double taxation treaty).

Holders of the 2024 Additional 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 2024 Additional Notes to, or receives certain amounts in respect of the 2024 Additional 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 2024 Additional 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 2024 Additional Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (i) that holder of 2024 Additional 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 relevant 2024 Additional 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 2024 Additional Notes.

UK Corporation Tax Payers

In general, holders of 2024 Additional 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 2024 Additional 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 2024 Additional 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 an Additional Note by a holder of 2024 Additional Notes, please see "—*Taxation of Discount*" below.

Accrued Income Profits

On a disposal of 2024 Additional Notes by a holder of 2024 Additional 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 the relevant 2024 Additional Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the relevant 2024 Additional Notes are attributable. Holders of 2024 Additional Notes are advised to consult their own professional advisors for further information about the accrued income scheme.

Taxation of Discount

Dependent, among other things, on the discount (if any) at which the 2024 Additional Notes are issued, the 2024 Additional Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the 2024 Additional Notes are deemed to constitute deeply discounted securities, individual holders of the relevant 2024 Additional Notes who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the relevant 2024 Additional Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the relevant 2024 Additional Notes. Holders of 2024 Additional Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities".

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, 2024 Additional Notes.

U.S. Federal Income Tax Considerations

The following discussion is a general summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the 2024 Additional Notes. This discussion is generally limited to U.S. holders (as defined below) who purchase the 2024 Additional Notes in this offering at the price set forth on the cover page of this offering memorandum and will hold the 2024 Additional Notes as capital assets. It does not address the special situations that may apply to particular holders including, but not limited to, tax-exempt entities, holders subject to the U.S. federal alternative minimum tax or the Medicare tax on net investment income, U.S. expatriates, dealers in securities, traders in securities who elect to apply a mark-to-market method of accounting, certain financial institutions, insurance companies, regulated investment companies, persons subject to special tax accounting rules as a result of any item of gross income with respect to the 2024 Additional Notes and/or the 2024 Additional Notes being taken into account in an "applicable financial statement" (as defined in Section 451 of the Internal Revenue Code of 1986, as amended (the "Code")), partnerships or other pass-through entities, persons whose "functional currency" is not the U.S. dollar and persons who hold the 2024 Additional 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 2024 Additional 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 2024 Additional 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 any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the 2024 Additional 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 2024 Additional Notes that is a partnership for U.S. federal income tax purposes and partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of holding and disposing of the 2024 Additional Notes.

Prospective investors are urged to consult their own tax advisors with respect to the particular tax consequences to them of the purchase, ownership and disposition of the 2024 Additional Notes, including the tax consequences under any state, local, foreign and other tax laws.

Qualified Reopening

For U.S. federal income tax purposes, the Issuer intends to treat the 2024 Additional Notes as issued in a "qualified reopening" of the 2024 Existing Notes. Provided such treatment is respected, for U.S. federal income tax purposes, the 2024 Additional Notes will be considered to have the same issue date as the 2024 Existing Notes, respectively, and to have been issued at par. However, depending on the U.S. holder's purchase price, the 2024 Additional Notes may have bond premium. The remainder of this discussion assumes that the 2024 Additional Notes are treated as having been issued in a "qualified reopening" of the 2024 Existing Notes.

Interest

Subject to the discussion below regarding amortizable bond premium, payments of stated interest (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the 2024 Additional Notes) on a 2024 Additional Note (but not including any amount paid in respect of pre-issuance accrued interest, as discussed below under "—Pre-Issuance Accrued Interest") 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.

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 rate of exchange 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 2024 Additional Notes in pounds sterling and translate that amount into U.S. dollars at the average spot rate of exchange 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 2024 Additional Notes (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the 2024 Additional 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.

Pre-Issuance Accrued Interest

A portion of the purchase price of the 2024 Additional Notes will be attributable to the amount of interest that "accrued" from January 15, 2018 to the date the 2024 Additional Notes are sold pursuant to this offering, in the case of the 2024 Additional Notes (such interest so accrued with respect to the 2024 Additional Notes, the "pre-issuance accrued interest"). The Issuer intends to take the position that a portion of the first interest payment on the 2024 Additional Notes, equal to the amount of pre-issuance accrued interest, will be treated as a non-taxable return of the purchase price paid for the 2024 Additional Notes that is allocable to the pre-issuance accrued interest and not as a payment of interest on the 2024 Additional Notes (except that a U.S. holder generally would be required to recognize exchange gain or loss, as discussed below, in an amount equal to the difference, if any, between the U.S. dollar value of the pre-issuance accrued interest at the time of purchase and at the time the payment of such pre-issuance accrued interest is received, as determined at the spot rate of exchange in effect on each such date). U.S. holders should consult their tax advisors concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Amortizable Bond Premium

A U.S. holder that purchases a 2024 Additional Note for an amount in excess of its principal amount (not including any amount paid for pre-issuance accrued interest) may elect to treat the excess as "amortizable bond premium." In such case, the amount required to be included in the U.S. holder's income each year with respect to interest on the 2024 Additional Notes will be reduced by the amount of amortizable bond premium allocable (based on the 2024 Additional Note's yield to maturity) to that year. Bond premium will be computed in units of pound sterling, and amortizable bond premium that is taken into account currently will reduce interest income in units of pound sterling. On the date amortized bond premium offsets interest income, a U.S. holder will recognize U.S.-source foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the U.S. dollar values of the amount of such amortized bond premium (i) on the date such amortized bond premium offsets interest income and (ii) on the date on which the U.S. holder acquired the 2024 Additional Notes.

A U.S. holder that does not elect to take amortizable bond premium into account currently will recognize less gain or more loss on the sale or retirement of the 2024 Additional Notes in the manner described below under "—Disposition of the 2024 Additional Notes." Any election to amortize bond premium applies to all bonds (other than bonds the interest on which is excludible from gross income for U.S. federal income tax purposes) held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and is irrevocable without the consent of the IRS. You are urged to speak with your tax advisors regarding the amortizable bond premium rules, including special rules for bonds with call provisions that may eliminate, reduce or defer any amortization deduction.

Disposition of the 2024 Additional Notes

Upon the sale, exchange or other taxable disposition of a 2024 Additional 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, unless it represents pre-issuance accrued interest, 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 2024 Additional Notes.

A U.S. holder's adjusted tax basis in a 2024 Additional Note generally will equal the cost of the 2024 Additional Note to the holder (excluding any amount paid for pre-issuance accrued interest) decreased by any amortized bond premium or payments made with respect to the 2024 Additional Note that are not stated interest payments. The cost of a 2024 Additional 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 generally will equal the amount of any cash plus the fair market value of any property received in exchange for the 2024 Additional Notes, translated into U.S. dollars at the spot rate of exchange on the date of disposition. If the 2024 Additional 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 with respect to the 2024 Additional Notes so traded by translating that amount at the spot rate of exchange on the settlement date of the sale or other taxable disposition, and will determine the U.S. dollar value of the cost of the 2024 Additional Notes so traded at the spot rate of exchange 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. If the relevant holder is an accrual basis U.S. holder that does not make the special settlement date election, such holder will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss realized by a U.S. holder upon the sale, exchange or other taxable disposition of an 2024 Additional 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 the difference between the U.S. dollar value of the U.S. holder's purchase price of the 2024 Additional Note (excluding any pre-issuance accrued interest, and reduced by any bond premium amortized) 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 2024 Additional Note (excluding any pre-issuance accrued interest, and reduced by any bond premium amortized) in pounds sterling determined on the date the U.S. holder acquired the 2024 Additional Notes (or, in each case, on the settlement date, if the 2024 Additional 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 (including with respect to accrued and unpaid interest) 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 2024 Additional 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 2024 Additional Note will generally be U.S.-source capital gain or loss and will be long-term capital gain or loss if the 2024 Additional 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 and certain other non-corporate U.S. holders, any such gain is currently subject to preferential U.S. federal income tax rates if such U.S. holders satisfy 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 2024 Additional 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 of exchange on the date the pounds sterling are received. Upon any subsequent exchange of pounds sterling for U.S. dollars, a U.S. holder generally will recognize exchange gain or loss equal to the difference between the amount of U.S. dollars received and the U.S. holder's tax basis in the pounds sterling. Upon any subsequent exchange of pounds sterling for property (including non-U.S. currency), a U.S. holder generally will recognize exchange gain or loss equal to the difference between the U.S. dollar value of the pounds sterling exchanged for such property based on the U.S. dollar spot rate of exchange for such pounds sterling on the date of the exchange and the U.S. holder's tax basis in the pounds sterling so exchanged. Any such exchange gain or loss generally will be treated as U.S.-source ordinary income or loss.

Reportable Transactions

A U.S. holder that recognizes exchange loss with respect to the 2024 Additional Notes would be required to report the loss on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the loss exceeds the thresholds set forth in the Regulations. For individuals and trusts, this loss threshold is U.S. $50,000 in any single year. For other types of taxpayers and other types of losses, the thresholds are higher. Prospective investors are urged to consult their own tax advisors regarding the application of these rules to the acquisition, holding or disposition of the 2024 Additional Notes.

U.S. Information Reporting and Backup Withholding

Payments of interest and proceeds paid from the sale or other disposition of the 2024 Additional 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 2024 Additional Notes, unless certain requirements are met. Investors who fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of these rules on their investment in the 2024 Additional Notes.

FATCA Withholding

Pursuant to Sections 1471 to 1474 of the Code and Regulations thereunder (provisions commonly referred to as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain pass-thru payments made on or after January 1, 2019 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign pass-through payments" are filed generally will be "grandfathered" and exempt from withholding unless the obligations are materially modified after that date. Accordingly, if the Issuer is treated as a "foreign financial institution," FATCA would apply to payments on the 2024 Additional Notes only if there was a significant modification of the 2024 Additional Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Many non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described above. Holders should therefore consult their own tax advisors on how these rules may apply to their investment in the 2024 Additional Notes.

PLAN OF DISTRIBUTION

The initial purchasers are Credit Suisse Securities (Europe) Limited, Barclays Bank PLC, Goldman Sachs International, Lloyds Bank plc, Natixis and the Royal Bank of Scotland plc (trading as NatWest Markets). 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 2024 Additional Notes as set forth below:

Initial Purchasers	Principal Amount of 2024 Additional Notes
Credit Suisse Securities (Europe) Limited	£149,500,000
Barclays Bank PLC	£ 100,000
Goldman Sachs International	£ 100,000
Lloyds Bank plc	£ 100,000
Natixis	£ 100,000
The Royal Bank of Scotland plc (trading as NatWest Markets)	£ 100,000
Total	£150,000,000

The obligations of the initial purchasers under the Purchase Agreement, including their agreement to purchase 2024 Additional Notes from us, are several and not joint.

The initial purchasers initially propose to offer the 2024 Additional 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 2024 Additional Notes are offered and any other selling terms at any time without notice. The initial purchasers may offer and sell 2024 Additional Notes through certain of their affiliates, who are qualified broker-dealers under applicable law, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the 2024 Additional 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 45 days after the date the 2024 Additional 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 2024 Additional 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 2024 Additional Notes are restricted as described under "Notice to Investors."

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 FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This 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.

Each of the initial purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the 2024 Additional Notes in circumstances in which section 21(1) of the FSMA does not, or in the case of Blemain Finance Limited, Together Personal Finance Limited, Spot Finance Limited, would not, if it were not an authorised person, apply to the Issuer or any Guarantor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any 2024 Additional Notes in, from or otherwise involving the United Kingdom.

This offering memorandum has been prepared on the basis that any offer of the 2024 Additional Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the 2024 Additional Notes. This document is an advertisement and not a prospectus for the purposes of the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned. This paragraph is subject to the paragraph below.

The 2024 Additional Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering, selling or distributing the 2024 Additional Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the 2024 Additional Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Each of the initial purchasers has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any 2024 Additional Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

  (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the 2024 Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe to the 2024 Additional Notes.

Solely for the purposes of the product approval process of Credit Suisse Securities (Europe) Limited (the "Manufacturer"), the target market assessment in respect of the 2024 Additional Notes described herein has led to the conclusion that: (i) the target market for such Additional Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of such Additional Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the 2024 Additional Notes (a "distributor") should take into consideration the Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the 2024 Additional Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

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 2024 Additional Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the 2024 Additional Notes in any jurisdiction where action for this purpose is required. Accordingly, the 2024 Additional 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 2024 Additional 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 2024 Additional Notes, the distribution of this offering memorandum and resale of the 2024 Additional 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(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the 2024 Additional Notes.

We will apply, through our listing agent, to list the 2024 Additional Notes on the Official List of the Irish Stock Exchange and trade the 2024 Additional Notes on the Global Exchange Market thereof.

The initial purchasers have advised us that they intend to make a market in the 2024 Additional Notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the 2024 Additional 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 2024 Additional Notes will develop, that it will be liquid if it does develop or that you will be able to sell any 2024 Additional Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to the 2024 Notes—An active trading market may not develop for the 2024 Notes*."

In connection with the offering of the 2024 Additional Notes, Credit Suisse Securities (Europe) Limited (or persons acting on its behalf) (the "Stabilizing Manager") may over-allot the 2024 Additional Notes or effect transactions with a view to supporting the market price of the 2024 Additional Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization action may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 2024 Additional 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 allotment of the 2024 Additional Notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules and will be undertaken at the offices of the Stabilizing Manager (or persons acting on its behalf) and on the Global Exchange Market of the Irish Stock Exchange.

We expect that delivery of the 2024 Additional Notes will be made against payment on the 2024 Additional Notes on or about the date specified on the cover page of this offering memorandum, which will be four 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 2024 Additional Notes (this settlement cycle is being referred to as "T + 4"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the 2024 Additional Notes on the date of this offering memorandum or on the next 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 2024 Additional Notes who wish to make such trades should consult their own advisors.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial purpose lending, transaction and clearing services, consulting and financial advisory services to us and our affiliates in the ordinary course of business for which they may receive customary advisory and transaction fees and expense reimbursement. In connection with the offering, the initial purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients, nor for providing advice in relation to the offering. In addition, certain of the initial purchasers are lenders under the Revolving Credit Facility, holders of the Existing Notes and note purchasers or lenders or arrangers under certain of our Securitizations, including the CABS Securitization under which balances will be reduced with a portion of the proceeds of the 2024 Additional 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 Together Financial Services as of and for the years ended June 30, 2016 and 2017, prepared in accordance with IFRS, included in this offering memorandum have been audited by Deloitte LLP, independent auditor, as stated in their reports appearing herein. Deloitte LLP is registered to carry on audit work in the UK and Ireland by 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 Together Financial Services 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 Together Financial Services 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 Together Financial Services and its members as a body for its audit work or the opinions it has formed. The independent auditor's reports for Together Financial Services Limited for the years ended June 30, 2015, 2016 and 2017 were unqualified. Deloitte LLP was the auditor of Together Financial Services Limited for these accounting periods. The independent auditor's report for Together Financial Services Limited for the years ended June 30, 2015 and 2016 is included on page F-74, and the independent auditor's report for Together Financial Services Limited for the year ended June 30, 2017 is included on page F-33.

Investors in the 2024 Additional 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 2024 Additional Notes) other than to Together Financial Services 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 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Additional 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 2024 Notes Indenture and so long as the 2024 Notes are outstanding, we will furnish periodic information to holders of the 2024 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 Together Financial Services, the 2024 Notes Indenture (which includes the guarantees and the form of the 2024 Notes), the Intercreditor Agreement (as defined herein) and the Security Documents (as defined herein) will be available for review (during normal business hours) on any business day at the specified office of the Principal Paying Agent. See "*Listing and General Information*."

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a public 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;
- judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;
- there not having been a prior inconsistent decision of an English court between the same parties; and
- the English enforcement proceedings being commenced within three years from the date of the U.S. judgment.

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

LISTING AND GENERAL INFORMATION

Listing

An application has been made for the 2024 Additional 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 after the Issue Date.

For as long as the 2024 Notes are listed on the Global Exchange Market of the Irish Stock Exchange, 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 audited consolidated financial statements of Together Financial Services for the preceding two years (which include the financial information of Guarantors and the subsidiaries of Together Financial Services that will not guarantee the 2024 Notes);
- the 2024 Notes Indenture governing the 2024 Notes (which includes the guarantees and form of the 2024 Notes);
- the Intercreditor Agreement; and
- the Security Documents.

The issuance of the 2024 Additional Notes was authorized by the Board of Directors of the Issuer on January 24, 2018. The giving of the guarantees has been authorized pursuant to applicable corporate formalities. The total expenses related to the admission of the 2024 Additional 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 Together Financial Services were as of and for the year ended June 30, 2017. Except as disclosed in this offering memorandum, there has been no material adverse change in our prospects since June 30, 2017.

Except as disclosed in this offering memorandum, there has been no significant change in the financial or trading position of Together Financial Services Limited or its subsidiaries since September 30, 2017, the date of the most recent unaudited consolidated interim financial statements of Together Financial Services Limited.

Except as disclosed in this offering memorandum, there are no potential conflicts of interest between any member of the Board of Directors of the Issuer and the Issuer or his duties to the Issuer.

The Trustee is Deutsche Trustee Company Limited, and its address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to the holders of the 2024 Notes as described in the Indenture governing the Notes.

Clearing Information

The 2024 Additional Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the 2024 Notes is set forth below.

	ISIN	Common Code
Rule 144A 2024 Global Notes	XS1568913807	156891380
Regulation S 2024 Global Notes	XS1568913559	156891355

Issuer and Guarantor Information

All subsidiaries of the Company other than the Issuer and certain dormant and non-material subsidiaries are Subsidiary Guarantors. The group's audited consolidated financial statements include both guarantor and

non-guarantor companies. As of and for the year ended June 30, 2017, the Issuer had EBITDA of £0.0 million, representing 0.0% of our consolidated EBITDA (consolidated EBITDA was £185.2 million) and total assets of £13.1 million, representing 0.6% of our consolidated total assets (consolidated total assets were £2.3 billion) and the Guarantors had EBITDA of £149.8 million, representing 100% of our Adjusted EBITDA and total assets of £830.9 million, representing 100% of the total assets of the Borrower Group.

As of and for the year ended June 30, 2017, Blemain Finance Limited, Together Commercial Finance Limited (previously Lancashire Mortgage Corporation Limited) and the Company each had EBITDA of £45.9 million, £92.7 million and £0.0 million, respectively, representing 24.7%, 50.0% and 0.0%, respectively, of our EBITDA, and each had net assets of £7.5 million, £19.4 million and £588.1 million, respectively, representing 1.2%, 3.1% and 93.6%, respectively, of our net assets. Blemain Finance Limited offers retail purpose and medium and long-term commercial purpose mortgage loans. Together Commercial Finance 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 Together Commercial Finance 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.

As of the issue date, the Guarantors will be the companies listed below.

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 (subject to any limitations on such guarantees by virtue of applicable local law).

Together Financial Services Limited

Together Financial Services Limited was previously registered under the name Jerrold Holdings Limited. It was renamed on January 9, 2017. Together Financial Services 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.

Together Personal Finance Limited

Together Personal Finance Limited was previously registered under the name Cheshire Mortgage Corporation Limited. It was renamed on January 9, 2017. Together Personal Finance 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.

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.

Together Commercial Finance Limited

Together Commercial Finance Limited was previously registered under the name Lancashire Mortgage Corporation Limited. It was renamed on January 9, 2017. Together Commercial Finance 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.

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.

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.

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.

Jerrold Holdings Limited

Jerrold Holdings Limited was previously registered under the names Together Financial Services Limited and Manchester Property Investments Limited. It was renamed on September 28, 2015 and on January 9, 2017,

respectively. Jerrold Holdings Limited, registration number 04950229, is a private company formed under the laws of England and Wales. Its 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.

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Interim management report

The directors present their interim management report and the unaudited interim financial statements for the three months ended 30 September 2017.

Business review

Business model and strategy

The Group's principal activity continues to be that of financiers. The directors do not expect any significant change to the activities of the Together Financial Services Limited group of companies, trading as Together ('the Group').

A number of key performance indicators (KPIs) are monitored in order to review and control performance, position and liquidity and to measure compliance against strategic objectives.

	30 September 2017	30 September 2016	30 June 2017
Net loan book (£m)	2,369.4	1,855.3	2,240.9
Average monthly lending volumes for the 3 month period (£m)	125.4	75.8	108.3
Weighted average LTV of originations during the 3 month period (%)	57.8	55.1	58.7
Weighted average indexed LTV of portfolio (%)	54.4	52.9	53.4
Underlying net interest margin for the 3 month period (%)[1]	8.1	8.7	8.3
Shareholder funds (£m)[2]	678.7	585.8	651.6
Net debt gearing ratio	2.49:1	2.09:1	2.43:1
Underlying interest cover ratio (%)[1]	2.50:1	2.57:1	2.50:1

Results and dividends

The unaudited interim financial statements and notes for the three months ended 30 September 2017 are set out on pages 7 to 21. Profit before tax of £31.0m has increased by 136.6% compared with £13.1m for the three month period to 30 September 2016. This is principally due to growth in the loan book, and a non-recurring net charge of £14.5m included in interest payable and similar charges in the three month period to 30 September 2016 as a result of refinancing the senior secured notes. The notes were due to mature in September 2018 and the early refinancing in September 2016 led to an accelerated release of their related origination costs and a call premium payable due to early redemption.

No dividend was paid during the three months ended 30 September 2017 (three months ended 30 September 2016: £nil). The directors paid a dividend on 13 November 2017 of £11.5m.

Position

As shown in the unaudited statement of financial position on page 8, loans and advances to customers have increased by 27.7% to £2,369.4m (30 September 2016: £1,855.3m). At the same time, shareholder's funds have increased by 15.9% to £678.7m (30 September 2016: £585.8m). The net debt gearing ratio (being the ratio of debt to equity) has increased to 2.49:1 (30 September 2016: 2.09:1) reflecting the fact that the Group continues to fund its loan book through reserves, subordinated debt and proportionately increased levels of 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 EBITDA[3] divided by interest payable. This has slightly decreased to 2.50:1 (30 September 2016: 2.57:1). The Group 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 liquidity headroom exists at all times.

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1 Adjusted for one-off refinancing costs of £14.5m in September 2016

2 Includes subordinated shareholder loans and shareholder notes of £23.7m (30 June 2017: £23.2m; 30 September 2016: £60.0m)

3 EBITDA is calculated as profit after taxation and adding back interest payable and similar charges, tax on profit, depreciation and amortisation

Business review (continued)

Liquidity (continued)

On 26 September 2017, the Together Group announced the completion of a £275m residential mortgage-backed securitisation via the special purpose vehicle Together Asset Backed Securitisation 1 PLC (‘Together ABS’).

The Together Group also has borrowings provided through revolving securitisation facilities, Charles Street Conduit Asset Backed Securitisation 1 Limited (‘Charles Street ABS’) for £1bn, expiring in January 2021, Lakeside Asset Backed Securitisation 1 Limited (‘Lakeside ABS’) for £255m, expiring in August 2018, and Delta Asset Backed Securitisation 1 Limited (‘Delta ABS’) for £90m expiring in 2021.

The earliest maturity on existing facilities is now the Lakeside ABS in August 2018. The Group has a strong track record of successful refinancing and raising new facilities and has a supportive group of banks.

Macroeconomic conditions

The Group is impacted by general business and economic conditions in the United Kingdom.

In November 2017 the Bank of England’s Monetary Policy Committee (‘MPC’) agreed to an increase in the Bank Base Rate from 0.25% to 0.5%, citing above-target inflation and unemployment rates that are at a 42-year low. The MPC also highlighted that the impact of Brexit so far has led to a fall in sterling and increased prices on imports. While conditions on the whole have continued to improve, growth has remained below long-term averages for the UK and the economic picture is mixed.

As the UK government continues with detailed Brexit negotiations it is possible there will be increased market volatility in response to developments. Overall we believe it is still not possible to foresee the implications of Brexit with any certainty until the negotiations are much nearer completion. Whilst uncertain and adverse economic conditions may present challenges, such conditions may also present opportunities for specialist lenders and reduce competition.

Regulatory and legal considerations

The Group’s operations are affected by a number of laws and regulations. The Group’s regulated mortgage business is regulated by the Financial Conduct Authority (‘FCA’). The Group also has to comply with the relevant UK and EU regulations including anti-money laundering regulations and the Data Protection Act 1998, the latter being replaced by the EU General Data Protection Regulation from May 2018.

Compliance and non-financial KPIs

The Group has certain subsidiaries which are authorised and regulated by the FCA in addition to subsidiaries which undertake lending which is not regulated. The Group has implemented a robust controls framework using a three lines of defence model, which includes separate risk, compliance and internal audit functions.

Our employees undertake appropriate training which is supported by operational quality assurance, compliance reviews and internal audit reviews. In addition we actively undertake employee and customer surveys along with the assessment and understanding of complaints received.

Principal risks and uncertainties

Strategic risk

Strategic risk is the risk of failure to achieve objectives that impact the long-term interest of stakeholders, or from an inability to adapt to the external environment.

When setting strategic objectives the Board takes into account the current economic conditions and their potential impacts on the markets in which the Group operates, on the affordability of new loans to customers, and on the existing book. Sensitivity and stress testing analysis are carried out against the loan book and the Group maintains a prudent financial position with a mix of funding structures and managed gearing levels.

Principal risks and uncertainties (continued)

Credit risk

Credit risk is the risk arising as a result of default by customers or counterparties due to failure to honour obligations when they fall due.

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 this risk is driven both by macroeconomic factors and by factors relating to specific customers such as a change in the borrower's circumstances.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due, or can do so only at excessive cost.

To manage its liquidity requirements, the Group uses a number of medium to long-term funding sources, combined with a small shorter-term revolving credit facility. Headroom held in such facilities, in combination with cash flows from redemptions, is used to provide a liquidity buffer. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cashflow movements and to enable the Group to meet all financial obligations and commitments when they fall due.

Within commitments we include liquidity to cover for the outstanding pipeline of loan offers. Although certain pipeline offers may not be legally binding, the failure to honour an expression of intent to finance a loan contract could otherwise cause customer detriment and result in reputational risk.

Surplus cash balances are placed on overnight deposit with institutions with sufficiently high long-term and short-term ratings.

Market risk

Market risk is the risk arising from adverse movements in market values, including movements in interest rates.

The Group does not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor does it engage in any treasury trading operations. It also has no foreign currency exposure. Therefore the main market risk potentially faced by the Group is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates. This would primarily arise from debt securities issued by the Together Group securitisation vehicles. Interest-rate risk is monitored on a monthly basis, and the Group's profit before taxation and equity are not at material risk from changes in interest rates that are reasonably expected for the next 12 months. In addition, the Group has the ability to undertake hedging transactions in order to mitigate potential interest rate risk.

Conduct risk

Conduct risk is the risk arising from business activities that fail to deliver appropriate and consistent outcomes to customers and stakeholders.

The Group has no appetite for activities that may cause detriment to customers and requires all colleagues to behave and conduct business activities in accordance with the Group's values. Key conduct risks are captured through the risk control self-assessment (RCSA) process with a specific assessment made of the risk impact to customers and third parties. Individual departments monitor conduct risk in their areas through quantitative and qualitative measures and the Risk, Conduct and Compliance Committee monitors the effectiveness of this. The Group also considers risks arising in relation to other key stakeholders such as our shareholders, funders (bondholders and banks), brokers, others who introduce business to us and suppliers. This includes both the impact to our operations from their actions, or a failure of a key stakeholder, and also the impact of our actions on our relationship with stakeholders.

Compliance (regulatory and legal) risk

Compliance risk is the risk arising from the failure to comply with existing or new legislation or regulations in the markets within which the Together Group operates.

Interim management report (continued)

Principal risks and uncertainties (continued)

Compliance (regulatory and legal) risk (continued)

The Group mitigates compliance risk through robust control frameworks and quality assurance reviews in operational areas supported by experienced risk and compliance departments. The Group's compliance department undertakes monitoring reviews to ensure compliance with legal and regulatory standards is maintained and monitors the changing regulatory environment, providing assessments in relation to forthcoming regulatory changes to ensure that the Group is appropriately prepared.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group aims to have in place a robust framework to manage operational risks, including systems, controls, policies and procedures. The Group has taken steps to ensure that the IT infrastructure is robust so as to meet operational performance needs and is sufficiently resilient. There is a documented and tested business continuity plan in place to enable the Group to recover operations in the event of an incident. As for many institutions, the Group's principal external risk it faces is the increased cyber risk prevalent across the industry. The Group has invested heavily in this area over many years and its systems have proven robust against all the recently publicised attacks.

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 arrangements are made to meet their needs. 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.

Statement of going concern

The directors are required to prepare the interim 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 Group's interim financial statements on a going-concern basis is appropriate.

On the basis that the Group has adequate funding and resources and has considered the market, operational and regulatory risk applicable to it, 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 these unaudited interim financial statements.

Interim management report (continued)

Directors

The directors of the Company are set out on page 1. All directors served throughout the period.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

a) The set of unaudited financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU; and

b) The interim management report includes a fair review of the information required, being an indication of important events during the first three months and a description of principal risks and uncertainties for the remaining nine months of the year.

By order of the Board

HN Moser
Director
15 November 2017

GD Beckett
Director
15 November 2017

Unaudited consolidated statement of comprehensive income
Three months ended 30 September 2017
Unless otherwise indicated, all amounts are stated in £m.

Income statement	**Note**	**Three months ended 30 September 2017**	**Three months ended 30 September 2016**
Interest receivable and similar income		68.0	58.3
Interest payable and similar charges	3	(21.1)	(32.5)
Net interest income		**46.9**	**25.8**
Fee and commission income		1.1	1.1
Fee and commission expense		(0.5)	(0.5)
Other gains		0.3	—
Operating income		**47.8**	**26.4**
Administrative expenses		(15.2)	(11.2)
Operating profit		**32.6**	**15.2**
Impairment losses		(1.6)	(2.1)
Profit before taxation		**31.0**	**13.1**
Income tax	4	(4.4)	(2.6)
Profit after taxation		**26.6**	**10.5**

The results for the current and preceding periods relate entirely to continuing operations. There is no other comprehensive income in either period.

Unaudited consolidated statement of financial position
As at 30 September 2017
Unless otherwise indicated, all amounts are stated in £m.

	Note	30 September 2017	30 September 2016	30 June 2017
Assets				
Cash and balances at bank		16.2	2.9	17.3
Loans and advances to customers	5	2,369.4	1,855.3	2,240.9
Inventories		0.6	0.8	0.9
Other assets	6	4.4	2.2	4.4
Investments		0.1	0.1	0.1
Property, plant and equipment	7	4.9	4.4	4.4
Intangible assets	8	6.2	3.9	5.7
Deferred tax asset	9	2.3	5.7	2.4
Total assets		**2,404.1**	**1,875.3**	**2,276.1**
Liabilities				
Borrowings	10	1,711.4	1,316.9	1,602.9
Other liabilities	11	29.7	23.2	37.5
Current tax liabilities		8.0	9.4	7.3
Total liabilities		**1,749.1**	**1,349.5**	**1,647.7**
Equity				
Share capital	12	9.8	9.8	9.8
Share premium account		17.5	17.5	17.5
Merger reserve		(9.6)	(9.6)	(9.6)
Capital redemption reserve		1.3	1.3	1.3
Subordinated shareholding funding reserve		44.4	—	44.9
Share-based payment reserve		1.6	1.5	1.6
Retained earnings		590.0	505.3	562.9
Total equity		**655.0**	**525.8**	**628.4**
Total equity and liabilities		**2,404.1**	**1,875.3**	**2,276.1**

Unaudited consolidated statement of changes in equity
Three months ended 30 September 2017
Unless otherwise indicated, all amounts are stated in £m.

3 months to 30 September 2017	Called-up share capital	Share premium	Merger reserve	Capital redemption reserve	Subordinated shareholder funding reserve	Share-based payment reserve	Retained earnings	Total
At beginning of the period	9.8	17.5	(9.6)	1.3	44.9	1.6	562.9	628.4
Retained profit for the financial period	—	—	—	—	—	—	26.6	26.6
Transfer between reserves	—	—	—	—	(0.5)	—	0.5	—
At end of the period	**9.8**	**17.5**	**(9.6)**	**1.3**	**44.4**	**1.6**	**590.0**	**655.0**

3 months to 30 September 2016	Called-up share capital	Share premium	Merger reserve	Capital redemption reserve	Share-based payment reserve	Retained earnings	Total
At beginning of the period	9.8	17.5	(9.6)	1.3	1.2	494.8	515.0
Retained profit for the financial period	—	—	—	—	—	10.5	10.5
Share-based payments	—	—	—	—	0.3	—	0.3
At end of the period	**9.8**	**17.5**	**(9.6)**	**1.3**	**1.5**	**505.3**	**525.8**

Unaudited consolidated statement of cash flows
Three months ended 30 September 2017
Unless otherwise indicated, all amounts are stated in £m.

	Note	Three months ended 30 September 2017	30 September 2016
Cash outflow from operating activities			
Cash outflow from operations	14	(79.4)	(9.1)
Income tax paid		(3.6)	(5.1)
Servicing of finance		(25.6)	(24.5)
Net cash outflow from operating activities		**(108.6)**	**(38.7)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(0.9)	—
Acquisition of intangible assets		(0.8)	(0.9)
Net cash outflow from investing activities		**(1.7)**	**(0.9)**
Cash flows from financing activities			
Drawdown of facilities		98.0	41.9
Proceeds from issuance of residential mortgage backed securitisation		261.3	—
Repayment of facilities		(250.0)	—
Capital element of finance lease payments		(0.1)	—
Net cash inflow from financing activities		**109.2**	**41.9**
Net (decrease)/increase in cash and cash equivalents		**(1.1)**	**2.3**
Cash and cash equivalents at beginning of period		**17.3**	**0.6**
Cash and cash equivalents at end of period		**16.2**	**2.9**

Unaudited notes to the financial statements
Unless otherwise indicated, all amounts are stated in £m.

1. Reporting entity and general information

Together Financial Services Limited, (the Company) is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated interim financial statements comprise Together Financial Services Limited and its subsidiaries (the Group).

2. Significant accounting policies

Basis of preparation

The consolidated set of interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as adopted by the European Union (EU). They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should be read in conjunction with the Annual Report and Consolidated Financial Statements for the year ended 30 June 2017 which were prepared in accordance with IFRS as adopted by the EU.

Accounting policies and judgements

The accounting policies, presentation and methods of computation are consistent with those applied by the Group in its latest audited annual financial statements.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

3. Interest payable and similar charges

	Three months ended	
	30 September 2017	30 September 2016
On borrowings	**21.1**	**32.5**

Interest payable for the three months ended 30 September 2016 includes a charge of £14.5m arising on the refinancing of the 2018 senior secured notes.

4. Income tax

	Three months ended	
	30 September 2017	30 September 2016
Current tax		
Corporation tax	4.3	2.2
	4.3	**2.2**
Deferred tax		
Origination and reversal of temporary differences	0.1	0.4
Total deferred tax	**0.1**	**0.4**
Total tax on profit	**4.4**	**2.6**

Corporation tax is calculated at 19.00% (30 September 2016: 20.00%) of the estimated profit for the period.

Unaudited notes to the financial statements (continued)
Unless otherwise indicated, all amounts are stated in £m.

4. Income tax (continued)

The differences between the total tax charge for the period and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	Three months ended	
	30 September 2017	**30 September 2016**
Profit before tax	31.0	13.1
Tax on profit at standard UK corporation tax rate of 19.00%/20.00%	5.9	2.6
Effects of:		
Expenses not deductible for tax purposes	0.1	—
Group relief	(1.6)	—
Tax charge for period	**4.4**	**2.6**

5. Loans and advances to customers

	30 September 2017	**30 September 2016**	**30 June 2017**
Gross loans and advances	2,428.1	1,921.6	2,303.1
Less: allowances for impairment on loans and advances	(58.7)	(66.3)	(62.2)
	2,369.4	**1,855.3**	**2,240.9**

Loans and advances to customers include total amounts of £10.8m (30 September 2016: £12.2m) loaned to August Blake Developments Limited, Sunnywood Estates Limited and Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

6. Other assets

	30 September 2017	**30 September 2016**	**30 June 2017**
Amounts owed by group undertakings and other related parties	1.1	—	0.8
Other debtors	0.6	0.1	0.6
Prepayments and accrued income	2.7	2.1	3.0
	4.4	**2.2**	**4.4**

Unaudited notes to the financial statements (continued)
Unless otherwise indicated, all amounts are stated in £m.

7. Property, plant and equipment

For 3 month period ended 30 September 2017	Fixtures, fittings and equipment	Motor vehicles	Total
Cost			
At beginning of period	6.5	1.6	8.1
Additions	0.9	—	0.9
Disposals	—	—	—
At end of period	**7.4**	**1.6**	**9.0**
Depreciation and amortisation			
At beginning of period	3.2	0.5	3.7
Charge for the period	0.3	0.1	0.4
Disposals	—	—	—
At end of period	**3.5**	**0.6**	**4.1**
Net book value			
At end of period	**3.9**	**1.0**	**4.9**
At beginning of period	**3.3**	**1.1**	**4.4**

For 3 month period ended 30 September 2016	Fixtures, fittings and equipment	Motor vehicles	Total
Cost			
At beginning of period	5.9	1.3	7.2
Additions	—	—	—
Disposals	—	—	—
At end of period	**5.9**	**1.3**	**7.2**
Depreciation and amortisation			
At beginning of period	2.2	0.5	2.7
Charge for the period	0.1	—	0.1
Disposals	—	—	—
At end of period	**2.3**	**0.5**	**2.8**
Net book value			
At end of period	**3.6**	**0.8**	**4.4**
At beginning of period	3.7	0.8	4.5

For 12 month period ended 30 June 2017	Fixtures, fittings and equipment	Motor vehicles	Total
Cost			
At beginning of period	5.9	1.3	7.2
Additions	0.6	0.6	1.2
Disposals	—	(0.3)	(0.3)
At end of period	**6.5**	**1.6**	**8.1**
Depreciation and amortisation			
At beginning of period	2.2	0.5	2.7
Charge for the period	1.0	0.2	1.2
Disposals	—	(0.2)	(0.2)
At end of period	**3.2**	**0.5**	**3.7**
Net book value			
At end of period	**3.3**	**1.1**	**4.4**
At beginning of period	3.7	0.8	4.5

Unaudited notes to the financial statements (continued)
Unless otherwise indicated, all amounts are stated in £m.

8. Intangible assets

	30 September 2017	30 September 2016	30 June 2017
Cost			
At beginning of period	7.2	3.7	3.7
Additions	0.8	0.9	3.5
At end of period	**8.0**	**4.6**	**7.2**
Amortisation			
At beginning of period	1.5	0.5	0.5
Charge for the period	0.3	0.2	1.0
At end of period	**1.8**	**0.7**	**1.5**
Net book value			
At end of period	**6.2**	**3.9**	**5.7**
At beginning of period	5.7	3.2	3.2

9. Deferred tax asset

	30 September 2017	30 September 2016	30 June 2017
At beginning of the period	2.4	6.1	6.1
Charge to income statement	(0.1)	(0.4)	(0.1)
Adjustment in respect of prior periods	—	—	(3.2)
Effect of changes in tax rates	—	—	(0.4)
	2.3	**5.7**	**2.4**

The deferred tax asset consisted of the following:

	30 September 2017	30 September 2016	30 June 2017
Accelerated capital allowances	(0.1)	(0.3)	(0.1)
Short-term timing differences	2.4	6.0	2.5
	2.3	**5.7**	**2.4**

10. Borrowings

	30 September 2017	30 September 2016	30 June 2017
Bank loans	—	29.0	—
Loan notes	1,132.2	925.9	1,022.9
Shareholder notes	—	60.0	—
Subordinated shareholder loans	23.7	—	23.2
Senior secured notes	575.0	315.0	575.0
Obligations under finance leases	0.5	0.4	0.6
	1,731.4	**1,330.3**	**1,621.7**
Debt issue costs	(20.0)	(13.4)	(18.8)
	1,711.4	**1,316.9**	**1,602.9**
Of which:			
Due for settlement within 12 months	171.0	343.8	0.3
Due for settlement after 12 months	1,540.4	973.1	1,602.6
	1,711.4	**1,316.9**	**1,602.9**

10. Borrowings (continued)

The loan notes are provided through revolving facilities provided by Charles Street ABS, Lakeside ABS, Delta ABS and Together ABS. The Charles Street ABS facility was established in 2007 and is currently for £1bn and expires in January 2021. The Lakeside ABS facility is for £255m, expiring in August 2018. Delta ABS, a facility for £90m, was executed on 26 January 2017 and will run until January 2021. On 26 September 2017, the Group announced the completion of a £275m residential mortgage-backed securitisation via the special purpose vehicle TABS.

Subordinated shareholder loans were issued as part of the Exit Transactions on the 2 November 2016. The Exit Transactions are described in the Annual Report and Consolidated Financial Statements for the year ended 30 June 2017. The subordinated shareholder loans are interest-free loans totalling £68.1m, which comprise £25.1m due in 2022 and £43.0m due in 2036. The difference between the total nominal value of £68.1m and the initial fair value of £22.0m represents a non-distributable capital contribution of £46.1m, £1.7m of which has amortised by 30 September 2017. The remainder of the reserve will be released over the life of the instruments.

Debt issue costs, which consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes, are deducted from the loan carrying amounts and charged to interest expense over the expected duration or term of the facility or notes as appropriate.

Borrowings have the following maturities

As at 30 September 2017	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Loan notes	171.2	31.5	929.5	—	1,132.2
Subordinated shareholder loans	—	—	—	23.7	23.7
Senior secured notes	—	—	375.0	200.0	575.0
Finance leases	0.2	0.3	—	—	0.5
	171.4	**31.8**	**1,304.5**	**223.7**	**1,731.4**
Debt issue costs	(0.4)	(0.3)	(16.9)	(2.4)	(20.0)
	171.0	**31.5**	**1,287.6**	**221.3**	**1,711.4**

As at 30 September 2016	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Bank loans	29.0	—	—	—	29.0
Loan notes	—	179.3	746.6	—	925.9
Shareholder notes	—	—	60.0	—	60.0
Senior secured notes	315.0	—	—	—	315.0
Finance leases	0.2	0.2	—	—	0.4
	344.2	**179.5**	**806.6**	**—**	**1,330.3**
Debt issue costs	(0.4)	(1.6)	(11.4)	—	(13.4)
	343.8	**177.9**	**795.2**	**—**	**1,316.9**

As at 30 June 2017	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Loan notes	—	151.0	871.9	—	1,022.9
Subordinated shareholder loans	—	—	—	23.2	23.2
Senior secured notes	—	—	375.0	200.0	575.0
Finance leases	0.3	0.3	—	—	0.6
	0.3	**151.3**	**1,246.9**	**223.2**	**1,621.7**
Debt issue costs	—	—	(16.3)	(2.5)	(18.8)
	0.3	**151.3**	**1,230.6**	**220.7**	**1,602.9**

Unaudited notes to the financial statements (continued)
Unless otherwise indicated, all amounts are stated in £m.

11. Other liabilities

	30 September 2017	30 September 2016	30 June 2017
Amounts owed to group undertakings and other related parties	—	0.2	—
Trade creditors	1.8	1.1	2.3
Other creditors	2.4	2.5	2.9
Other taxation and social security	0.8	0.7	0.7
Accruals and deferred income	24.7	18.7	31.6
	29.7	**23.2**	**37.5**

12. Share capital

Authorised	30 September 2017	30 September 2016	30 June 2017
10,405,653 A ordinary (30 September 2016: 10,850,092 preferred) shares of 50 pence each	5.2	5.4	5.2
Nil (30 September 2016: 22) A deferred ordinary shares of 0.1 pence each	—	—	—
Nil (30 September 2016: 2,744,974) B1 ordinary shares of 49.9 pence each	—	1.4	—
Nil (30 September 2016: 6,404,938) B2 ordinary shares of 49.9 pence each	—	3.2	—
9,149,912 (30 September 2016: nil) B ordinary shares of 49.9 pence each	4.6	—	4.6
Nil (30 September 2016: 154,690) C1 ordinary shares of 1 penny each	—	—	—
Nil (30 September 2016: 696,049) C2 ordinary shares of 1 penny each	—	—	—
Nil (30 September 2016: 64,250) C3 ordinary shares of 1 penny each	—	—	—
921,501 (30 September 2016: nil) C ordinary shares of 1 penny each	—	—	—
70,000 (30 September 2016: 100,000) D ordinary shares of 1 penny each	—	—	—
10,000 E ordinary shares of 1 penny each	—	—	—
	9.8	**10.0**	**9.8**

12. Share capital (continued)

Issued, allotted and fully paid	30 September 2017	30 September 2016	30 June 2017
10,405,653 A ordinary (30 September 2016: preferred) shares of 50 pence each	5.2	5.2	5.2
Nil (30 September 2016: 13) A deferred ordinary shares of 0.1 pence each	—	—	—
Nil (30 September 2016: 2,744,974) B1 ordinary shares of 49.9 pence each	—	1.4	—
Nil (30 September 2016: 6,404,938) B2 ordinary shares of 49.9 pence each	—	3.2	—
9,149,912 (30 September 2016: nil) B ordinary shares of 49.9 pence each	4.6	—	4.6
Nil (30 September 2016: 131,202) C1 ordinary shares of 1 penny each	—	—	—
Nil (30 September 2016: 696,049) C2 ordinary shares of 1 penny each	—	—	—
Nil (30 September 2016: 64,250) C3 ordinary shares of 1 penny each	—	—	—
921,501 (30 September 2016: nil) C ordinary shares of 1 penny each	—	—	—
70,000 (30 September 2016: 100,000) D ordinary shares of 1 penny each	—	—	—
	9.8	**9.8**	**9.8**

Changes to share capital were undertaken as part of the Exit Transactions on the 2 November 2016, which are described in the Annual Report and Consolidated Financial Statements for the year ended 30 June 2017.

13. Financial instruments and fair values

All the Group's financial assets and liabilities are held at amortised cost with the exception of the listed investments that are held at fair value. The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of financial assets is adjusted for incurred loss provisions.

The following tables analyse the fair values of loans and advances and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Measurements derived from observable data, such as market prices or rates;

Level 3: Measurements rely on significant inputs not based on observable market data

Unaudited notes to the financial statements (continued)
Unless otherwise indicated, all amounts are stated in £m.

13. Financial instruments and fair values (continued)

30 September 2017	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	—	—	2,419.5	**2,419.5**	**2,369.4**
Financial liabilities					
Borrowings	598.7	1,189.7	23.2	**1,811.6**	**1,711.4**

30 September 2016	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	—	—	1,901.4	**1,901.4**	**1,855.3**
Financial liabilities					
Borrowings	314.3	998.0	45.2	**1,357.5**	**1,316.9**

30 June 2017	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Loans and advances to customers	—	—	2,349.8	**2,349.8**	**2,240.9**
Financial liabilities					
Borrowings	593.8	1,087.3	23.8	**1,704.9**	**1,602.9**

The fair value of loans and advances to customers is based on future interest cash flows (at funding rates) and principal cash flows discounted using the rate for new originations of mortgages with similar characteristics. This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets.

Forecast principal repayments are based on redemption at maturity with overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour.

The borrowings stated at fair value in level 3 almost entirely represent subordinated shareholder loans and notes. Market prices are not available for these loans and so fair value has been estimated by discounting the related expected future cash flows. As market rates are not observable for these loans, management has derived discount rates by reference to other arm's length transactions with investors, making allowance for the tenor and seniority of the loans.

14. Reconciliation of profit after tax to net cash outflow from operations

	Three months ended	
Group	**30 September 2017**	**30 September 2016**
Profit after tax	26.6	10.5
Adjustments for:		
Taxation	4.4	2.6
Depreciation and amortisation	0.7	0.3
Share-based payments	—	0.3
Interest expense	21.1	32.5
	52.8	**46.2**
Increase in loans and advances to customers	(128.5)	(54.6)
Decrease in other assets	0.3	0.2
Increase in accruals and deferred income	(3.1)	(1.2)
(Decrease)/increase in trade and other liabilities	(0.9)	0.3
	(132.2)	**(55.3)**
Cash outflow from operations	**(79.4)**	**(9.1)**

15. Related party transactions

Relationships

The Company has the following related parties:

a) Controlling party

HN Moser, a director of Together Financial Services Limited, and the DL Moser 1995 Family Settlement No1 Trust (together the Moser Shareholders) indirectly acquired the equity interest in the Company as part of the Exit Transactions which are described in the Annual Report and Consolidated Financial Statements for the year ended 30 June 2017. As a result the Moser Shareholders indirectly own 100% of the Company's voting share capital.

Besides the companies owned by Redhill Famco Limited (the ultimate parent company), other entities owned by the Moser Shareholders are deemed to be related parties and during the period transacted with the Company's subsidiaries as follows:

Entity	Nature of transactions
Bracken House Properties LLP	The Group pays operating lease and insurance costs to Bracken House Properties LLP for its provision of the Group's head office property.
Centrestand Limited	The Group collects rents and pays service charges and costs on behalf of Centrestand Limited.
Charles Street Commercial Investments Limited	The Group refers borrowers outside its lending criteria to Charles Street Commercial Investments Limited in return for introduction fees. The Group performs underwriting, collection and arrears-management activities for these loans.
Sterling Property Company Limited	Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.
August Blake Developments Limited, Edgworth Developments Limited, Sunnywood Estates Limited	The Group provides loans on a commercial basis secured on certain assets of these companies.

Balances due to or from the above entities are interest-free and repayable on demand, unless otherwise stated.

b) Parent companies

During the period the Group transacted with the following parent companies owned by the Moser Shareholders

Entity	Nature of transactions
Bracken Midco2 Limited	The Company received subordinated funding from Bracken Midco2 Limited as part of the Exit Transactions. The subordinated loans are interest-free and for fixed terms, as set out in Note 10. The difference between the loans' maturity amounts and their fair values represents a capital contribution to the Group.

c) Subsidiaries

The Company utilises its bank and subordinated shareholder funding, and bonds raised by a subsidiary company, to provide treasury funding to its lending subsidiaries. All interest is recharged at cost. All amounts are repayable on demand.

d) Key management personnel

Key management personnel comprise directors of the Group. There are no transactions with directors other than remuneration in the ordinary course of business and the disposal of D shares disclosed in Note 17.

15. Related party transactions (continued)

Transactions

The amounts receivable from and payable to related parties by the Group are disclosed in Notes 6 and 11. The Group had the following transactions with related parties during the period:

	Three months ended			
	30 September 2017		30 September 2016	
	Charge/ (credit) to income or equity	Paid	Charge/ (credit) to income or equity	Paid
Lease and insurance costs	0.3	0.3	0.3	0.3
Accounts payable transactions	—	0.3	—	—
Collections transferred on loans to related party	—	—	—	0.2
Related parties of the Moser Shareholders	**0.3**	**0.6**	**0.3**	**0.5**
Interest expense	0.5	—	—	—
Parent companies	**0.5**	**—**	**—**	**—**
Total related parties	**0.8**	**0.6**	**0.3**	**0.5**

16. Contingent liabilities

As at 30 September 2017, the Group's assets were subject to a fixed and floating charge in respect of £575m senior secured notes (30 September 2016: £300m; 30 June 2017: £575m) and £nil in respect of bank borrowings (30 September 2016: £29m; 30 June 2017 £nil).

17. Share-based payments

Senior management has previously been granted D shares and options over E shares of the Company. The ability to dispose of such shares and execute such options is conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital on a cumulative basis. The value of these shares is dependent upon the value of the Company at the time of granting. Such awards are treated as equity settled by virtue of where the obligation rests on such awards being realised. The options over the E shares have not yet been exercised.

Directors' report

The directors present their report for the year ended 30 June 2017.

The Group's principal activity continues to be that of financiers. The directors do not expect any significant change to the activities of the Together Financial Services Limited group of companies, trading as Together ('the Group') and formerly known as Jerrold Holdings Limited.

Results and dividends

The results for the year are set out in the income statement on page 36. The profit before taxation for the year ended 30 June 2017 was £94.1m (2016: £90.3m). A full review of the financial performance of the Group is included within the Chief Financial Officer's review commencing on page 12. This sets out the key performance indicators monitored in order to review and control performance, position and liquidity and to develop future strategy. Commentary on the Group's future outlook is given in the Chairman's report.

A dividend of £12.5m was paid during the year (2016: £nil). The directors do not recommend a final dividend.

Financial position

Loans and advances to customers have increased by 24.4% to £2,241m (2016: £1,801m). At the same time, shareholders' funds have increased by 13.3% to £651.6m (2016: £575.0m), including shareholder loans and notes of £23.2m (2016: £60m). The gearing ratio (being the ratio of debt to equity) has increased to 2.4:1 as at 30 June 2017 (2016: 2.1:1) reflecting the fact that the Group continues to fund its loan book through reserves, shareholder notes and proportionately increased levels of external borrowings. The shareholder loans and notes are treated as equity for the purposes of calculating the Group's gearing ratio.

A description of the principal risks and uncertainties facing the Group is contained in the risk-management section.

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.

Statement of going concern

As set out in the statement of directors' responsibilities, 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 including the Group's funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the Group's financial statements on a going-concern basis is appropriate.

Directors' report (continued)

Statement of going concern (continued)

On the basis that the Group has adequate funding and resources and has considered the market, operational and regulatory risks applicable to it, 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 Group have adopted the going-concern basis in preparing financial statements.

Directors

All directors served throughout the year and to the date of this report except as stated below:

RM McTighe* *Chairman*
HN Moser *Chief Executive Officer*
PS Ball *(Appointed 6 September 2016)*
GD Beckett
W Bowser*
MJJR Golby
MR Goldberg
SJ O'Hare* *(Resigned 2 November 2016)*
JM Shaoul*

*Non-executives

The Company Secretary NA Dale served throughout the year.

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.

Charitable donations

During the year the Company made donations of £85,000 (2016: £56,000) to local charities.

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 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 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 of the Companies Act 2006.

Auditor

A resolution for the reappointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board

GD Beckett
Director
8 September 2017

Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for the year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group and parent Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Overview of risk management within the Group

There are a number of potential risks and uncertainties which could have an impact on the Group's performance. To identify and control these risks the Group utilises an enterprise risk-management framework (ERMF). The ERMF is overseen by the Risk Committee which reports to the Board.

The ERMF provides the requisite organisational arrangements and foundation for managing risks in a consistent and structured manner. It explains how the Group ensures that risk is effectively managed, embedded in all strategic decisions, translated into operational objectives and integrated into the day-to-day business processes. Risk appetite is assessed at a consolidated group level and by risk categories. The Group's risk appetite is defined and translated into key risk indicators that can be assessed against tolerances for each category of risks.

At the operational level, the Group's system of internal controls and risk management operates utilising the three-lines-of-defence model. At the first line of defence, operational managers identify, manage and own the risks in their respective areas of business.

The second line of defence ensures the first line of defence is properly designed, in place, and operating as intended. This consists of the Group's risk management, legal and financial control functions. Oversight is provided by the Executive Risk Committee, Retail and Commercial Credit Risk Committees and the Conduct Excellence Committee. These functions are organisationally separate and independent of the first line of defence.

The third line of defence is provided by the internal audit function. This provides an independent internal review and assurance on the first and second lines of defence, and the governance, risk-management and internal-control frameworks operated by the Group.

Principal risks and uncertainties

The directors have identified the following as the principal risks and uncertainties facing the business:

- Strategic risk
- Credit risk
- Liquidity and funding risk
- Market risk
- Capital risk
- Conduct risk
- Compliance (regulatory and legal) risk
- Operational risk

The following sections provide detailed discussion of these risks, including financial disclosures.
The disclosures provided are based upon information used by management in overseeing the Group's activities.

Risk management disclosures

Strategic risk

Strategic risk is the risk of failure to achieve objectives that impact the long-term interest of stakeholders, or from an inability to adapt to the external environment.

When setting strategic objectives the Board takes into account the current economic conditions and their potential impacts on the markets in which the Group operates, on the affordability of new loans to customers, and on the existing book. Sensitivity and stress testing analysis are carried out against the loan book and the Group maintains a prudent balance sheet with a mix of funding structures and managed gearing levels.

Credit risk

Credit risk is the risk arising as result of default by customers or counterparties due to failure to honour obligations when they fall due.

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 this risk is driven by both macro-economic factors as well as by factors relating to specific customers, such as a change in the borrower's circumstances.

These risks are managed through comprehensive underwriting policies and monitored by the Credit Risk Committee. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, creditworthiness, repayment strategies and property loan-to-value ratios, and throughout the life of the loan, via monitoring of arrears levels, proactive collections strategies, application of forbearance measures, and by applying macro-economic sensitivity analysis.

Affordability

The Group utilises several affordability models to ensure the customer is able to meet repayments. These are tailored to the customer and loan type.

For mortgages a full assessment at underwriting stage is made of customer income and expenditure throughout the projected life of the loan. Individual affordability is stress-tested to consider potential changes during the life of the loans such as changes in interest rates or customer retirement. Affordability of commercial mortgages is assessed against verified income utilising debt-to-income to assess affordability, while that for buy-to-let mortgages utilises an assessment of rental income to loan repayment.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk after allowance for impairment is as follows:

Audited	**2017 £m**	**2016 £m**
Gross loans and advances	2,303.1	1,869.5
Allowance for impairment	(62.2)	(68.8)
Loans and advances to customers	**2,240.9**	**1,800.7**
Amounts owed by related parties	0.8	0.1
Other debtors	0.6	0.1
Cash and balances at bank	17.3	0.5
	2,259.6	**1,801.4**

Cash and cash equivalents are primarily surplus cash placed overnight with institutions with sufficiently high credit ratings. The Group's only material credit risk therefore relates to its loans and advances to customers. The above table represents the maximum credit risk exposure to the Group at 30 June 2017 and 2016 without taking account of any underlying security.

Risk management disclosures (continued)

Credit risk (continued)

Impaired and past-due loans

The Group manages credit risk based on gross customer balances. The gross customer balances reconcile to gross loans and advances recognised in the annual accounts as follows:

	2017 £m	2016 £m
Gross loans and advances	2,303.1	1,869.5
Unsecured loans	(1.7)	(2.2)
Accounting adjustments	8.0	3.2
Gross customer balances	**2,309.4**	**1,870.5**

Reported loans and advances differ from customer balances mainly due to various accounting adjustments necessary to comply with IFRS.

Loans and advances to customers are reviewed regularly to determine whether there is any objective evidence of impairment. Specific provisions are made for assets individually assessed, and collective provisions are made for assets assessed individually but for which no specific impairment is identified.

Loan assets are categorised:

Neither past due nor impaired

Loans which are not in arrears and which do not meet the definition for specific impairment, in accordance with our accounting policies.

Past due but not impaired

Loans which meet the definition for specific impairment because the loan is in arrears or there is other objective evidence of impairment in accordance with our accounting policies. However, no impairment provision is recognised against the loan when the expected cash flows, discounted at the original effective interest rate, exceed the carrying amount of the loan.

Impaired assets

Loans which meet the definition for specific impairment because the loan is in arrears or there is other objective evidence of impairment in accordance with our accounting policies and where the carrying amount of the loan exceeds the expected cash flows, discounted at the original effective interest rate.

Gross customer balances are analysed as follows:

Audited	2017 £m	2016 £m
Performing		
Not past due	1,851.2	1,430.8
Past due less than 2 months	224.6	202.0
	2,075.8	**1,632.8**
Non performing but not impaired		
Past due 2–3 months	22.9	21.9
Past due over 3 months	74.0	65.9
	96.9	**87.8**
Impaired	136.7	149.9
Gross customer balances	**2,309.4**	**1,870.5**

Reported arrears are in relation to contractual amounts due and have not been amended to reflect changes in customers' preferred payment dates or to reflect agreed payment arrangements as part of our collection and forbearance policies.

Risk management disclosures (continued)

Credit risk (continued)

Past due but not impaired (continued)

In applying IAS 39, observable data is considered to identify potential loss events. Management considers that contractual arrears of two months or more constitutes one such trigger for a potential loss event. On identification of a loss event a provision for impairment is considered based on the probability of default of the loan (based on historical evidence) and the expected loss given default amount (arrived at by calculating the present value of expected future cash flows compared to the carrying value of the loan).

Collateral held

The Group enters into agreements with customers taking security for loan receivables over immovable property. A key measure the business uses in assessing credit risk is the ratio of the loan amount to the value of the underlying security (LTV). Prior valuations are indexed using established regional house price indices to estimate the current security value. The table below shows gross customer balances by indexed LTV banding:

	2017 £m	2016 £m
60% or less	1,443.6	1,242.4
60–85%	738.9	510.1
85–100%	92.1	76.3
More than 100%	34.8	41.7
Gross customer balances	**2,309.4**	**1,870.5**

Of the gross customer balances at 30 June 2017, 94.5% of loans had an indexed LTV of less than or equal to 85% (2016: 93.7%).

Concentration of credit risk

The Group's lending portfolio is geographically diversified across the UK as shown below:

	2017 %	2016 %
East Anglia	2.8	2.4
East Midlands	3.0	3.6
Ireland	0.2	0.3
London regions	28.3	28.0
North East	1.6	2.3
North West	18.1	18.5
Scotland	4.6	5.0
South East	17.9	16.2
South West	5.8	5.7
Wales	4.3	5.0
West Midlands	6.6	6.9
Yorks & Humber	6.8	6.1
Gross customer balances	**100.0**	**100.0**

The Group's lending portfolio falls into the following concentrations by loan size:

	2017 %	2016 %
Up to £50,000	19.3	24.2
£50,000–100,000	17.5	17.8
£100,000–250,000	20.9	18.6
£250,000–500,000	12.6	11.5
£500,000–1,000,000	8.9	8.3
£1,000,000–2,500,000	12.2	11.5
More than £2,500,000	8.6	8.1
Gross customer balances	**100.0**	**100.0**

Risk management disclosures (continued)

Credit risk (continued)

Past due but not impaired (continued)

Forbearance

The Group offers a range of approaches to assist customers who are experiencing financial distress. Assistance is provided through trained colleagues in dedicated teams. For those customers requiring more assistance the Group works with a number of external not-for-profit agencies.

The Group considers an account as forborne at the time a customer in financial difficulty is granted a concession. The Group actively operates timely collections and arrears management processes to ensure early identification of issues to support our customers and minimise credit losses. The Group's offer of forbearance is considered separately for each customer dependent on their individual circumstances. Forbearance can be temporary or permanent in nature depending on the circumstances of the customer and the concession agreed. Examples of concessions agreed include reduced payment arrangements, extension of the mortgage term, or a change in the repayment profile.

Liquidity and funding risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due, or can do so only at excessive cost.

To manage its funding requirements, the Group uses a number of medium to long-term funding sources, combined with a small shorter-term revolving credit facility. Headroom held in such facilities, in combination with cash flows from redemptions, is used to provide a liquidity buffer. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cashflow movements and to enable the Group to meet all financial obligations and commitments when they fall due.

Within commitments we include liquidity to cover for the outstanding pipeline of loan offers. Although certain pipeline offers may not be legally binding, the failure to honour an expression of intent to finance a loan contract could otherwise cause customer detriment and result in reputational risk.

The Group places surplus cash balances on overnight deposit with institutions with sufficiently high long-term and short-term ratings.

Based on the business model of funding primarily via securitisation programmes and debt capital markets, the Board has set a liquidity risk appetite which it considers to be appropriate to provide it with the assurance that the Group is able to meet its liabilities and commitments when they fall due, and provide sufficient headroom to support anticipated loan book growth.

The Group has increased its wholesale funding in successive years in order to fund the growth in its loan portfolio.

The Charles Street securitisation is for a total facility of £1bn and is available to fund the majority of asset types, subject to eligibility criteria and loan portfolio concentration limits. The Lakeside securitisation is for a total facility of £255m and is available primarily to fund new short-term commercial-purpose loans, and is also subject to eligibility criteria and loan portfolio concentration limits.

The Delta facility is for a total of £90m and is available primarily to fund new short-term commercial-purpose loans and loans secured on commercial property, again subject to eligibility criteria and loan portfolio concentration limits.

Risk management disclosures (continued)

Credit risk (continued)

Liquidity and funding risk (continued)

The gross contractual maturities of the Group's borrowings, inclusive of interest but excluding any non-utilisation fees that may arise, and other financial liabilities are as follows:

Audited At 30 June 2017	Carrying value £m	Gross nominal cash flow £m	Up to 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Loan notes	1,022.9	1,196.1	26.0	199.6	970.5	—
Subordinated shareholder loans	23.2	68.1	—	—	—	68.1
Senior secured notes	575.0	779.6	35.9	35.9	482.8	225.0
Obligations under finance leases	0.6	0.7	0.3	0.2	0.2	—
	1,621.7	**2,044.5**	**62.2**	**235.7**	**1,453.5**	**293.1**
Debt issue costs	(18.8)	—	—	—	—	—
Borrowings	**1,602.9**	**2,044.5**	**62.2**	**235.7**	**1,453.5**	**293.1**
Trade creditors	2.3	2.3	2.3	—	—	—
Other creditors	2.9	2.9	2.9	—	—	—
	1,608.1	**2,049.7**	**67.4**	**235.7**	**1,453.5**	**293.1**

Audited At 30 June 2016	Carrying value £m	Gross nominal cash flow £m	Up to 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Bank loans	29.0	30.4	1.2	29.2	—	—
Loan notes	884.0	1,089.8	31.4	32.0	1,026.4	—
Shareholder notes	60.0	71.0	2.1	2.1	6.3	60.5
Senior secured notes	304.4	373.1	29.3	29.2	314.6	—
Obligations under finance leases	0.4	0.4	0.2	0.1	0.1	—
	1,277.8	**1,564.7**	**64.2**	**92.6**	**1,347.4**	**60.5**
Debt issue costs	(18.4)	—	—	—	—	—
Borrowings	**1,259.4**	**1,564.7**	**64.2**	**92.6**	**1,347.4**	**60.5**
Trade creditors	1.2	1.2	1.2	—	—	—
Other creditors	2.3	2.3	2.3	—	—	—
	1,262.9	**1,568.2**	**67.7**	**92.6**	**1,347.4**	**60.5**

Market risk

Market risk is the risk arising from adverse movements in market values, including movements in interest rates.

The Group does not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor does it engage in any treasury trading operations. It also has no foreign currency exposure. Therefore the main market risk potentially faced by the Group is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates. This would primarily arise from debt securities issued by the Group securitisation vehicles and shareholder notes. Interest-rate risk is monitored on a monthly basis, and the Group's profit before taxation and equity are not at material risk from changes in interest rates that are reasonably expected for the next 12 months.

Capital risk

Capital and funding management risk is the risk of failure to hold adequate capital buffers and to appropriately manage the Group's capital base.

The Group has always maintained adequate levels of capital, and aims to maintain an efficient capital structure that meets the requirements of its funding facilities of its regulated subsidiaries. Current and forecast levels of

Risk management disclosures (continued)

Credit risk (continued)

Capital risk (continued)

capital, including the gearing ratio, are monitored and reported to the Board on a regular basis. Total shareholder funds increased £76.6m over the year:

	2017 £m	2016 £m
Equity	628.4	515.0
Subordinated shareholder funds	23.2	60.0
Total shareholder funds	**651.6**	**575.0**
Net debt gearing ratio	**2.4:1**	**2.1:1**

Conduct risk

Conduct risk is the risk arising from business activities that fail to deliver appropriate and consistent outcomes to customers and stakeholders.

All areas of the Group are required to assess the delivery of appropriate outcomes for stakeholders. The Group has no appetite for activities that may cause detriment to customers and requires all colleagues to behave and conduct business activities in accordance with the Group's values. Key conduct risks are captured through the risk control self-assessment (RCSA) process with a specific assessment made of the risk impact to customers and third parties. Individual departments monitor conduct risk in their areas through quantitative and qualitative measures. The Conduct Excellence Committee monitors the effectiveness of this and reports on it to the Board. The Group also considers risks arising in relation to other key stakeholders such as our shareholders, funders (bondholders and banks), brokers, others who introduce business to us and suppliers. This includes both the impact to our operations from their actions, or a failure of a key stakeholder, and also the impact of our actions on our relationship with stakeholders.

Compliance (regulatory and legal) risk

Compliance risk is the risk arising from the failure to comply with existing or new legislation or regulations in the markets within which the Group operates.

The Group operates in both regulated and unregulated markets and is therefore at risk for failing to comply with existing regulation and the potential impacts of changes in regulation on its markets and operational activities. The Group mitigates this risk through robust control frameworks and quality assurance reviews in operational areas supported by experienced risk and compliance departments. The compliance department undertakes monitoring reviews to ensure compliance with legal and regulatory standards is maintained and monitors the changing regulatory environment, providing assessments in relation to forthcoming regulatory changes to ensure that the Group is appropriately prepared.

In addition the Group has in place an experienced legal department to ensure it meets all its legal obligations.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group aims to have in place a robust framework to manage operational risks, including systems, controls, policies and procedures.

The Group ensures it recruits and retains sufficient skilled personnel to deliver its business objectives. Salaries are set to reward employees for performance and additionally the Group offers a range of benefits including a defined-contribution pension scheme and an annual profit-and-conduct-related bonus scheme.

The Group monitors the risk of ineffective design or operation of its business processes, utilising a RCSA approach to identify, assess and manage key operational risks. As part of this, robust financial crime-prevention controls are in place across the Group which are overseen by the risk department.

Risk management disclosures (continued)

Credit risk (continued)

Operational risk (continued)

The Group has taken steps to ensure that the IT infrastructure is robust so as to meet operational performance needs and is sufficiently resilient. There is a documented and tested business continuity plan in place to enable the Group to recover operations in the event of an incident.

As for many institutions, the Group's principal external risk it faces is the increased cyber risk prevalent across the industry. The Group has invested heavily in this area over many years and its systems have proven robust against all the recently-publicised attacks.

Independent auditor's report

Independent auditor's report to the members of Together Financial Services Limited.

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Together Financial Services Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and company statements of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Together Financial Services Limited. (continued)

Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/ auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

Independent auditor's report to the members of Together Financial Services Limited. (continued)

Report on other legal and regulatory requirements (continued)

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

David Heaton (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
8 September 2017

Consolidated statement of comprehensive income
Year ended 30 June 2017
All amounts are stated in £m

Income statement	Note	2017	2016
Interest receivable and similar income	4	246.5	210.8
Interest payable and similar charges	5	(88.8)	(67.5)
Net interest income		**157.7**	**143.3**
Fee and commission income	6	4.2	4.2
Fee and commission expense	7	(2.1)	(1.7)
Other income	8	0.1	0.2
Operating income		**159.9**	**146.0**
Administrative expenses	9	(58.4)	(41.9)
Operating profit		**101.5**	**104.1**
Impairment losses	13	(7.4)	(13.8)
Profit before taxation		**94.1**	**90.3**
Income tax	12	(15.9)	(18.5)
Profit after taxation		**78.2**	**71.8**

The results for the current and preceding years relate entirely to continuing operations. There is no other comprehensive income in either year.

Consolidated statement of financial position
As of 30 June 2017
All amounts are stated in £m

	Note	2017	2016
Assets			
Cash and balances at bank		17.3	0.5
Loans and advances to customers	13	2,240.9	1,800.7
Inventories	14	0.9	0.9
Other assets	15	4.4	2.3
Investments		0.1	0.2
Property, plant and equipment	17	4.4	4.5
Intangible assets	18	5.7	3.2
Deferred tax asset	19	2.4	6.1
Total assets		**2,276.1**	**1,818.4**
Liabilities			
Borrowings	20	1,602.9	1,259.4
Other liabilities	21	37.5	31.7
Current tax liabilities		7.3	12.3
Total liabilities		**1,647.7**	**1,303.4**
Equity			
Share capital	22	9.8	9.8
Share premium account		17.5	17.5
Merger reserve		(9.6)	(9.6)
Capital redemption reserve		1.3	1.3
Subordinated shareholder funding reserve	20	44.9	—
Share-based payment reserve	28	1.6	1.2
Retained earnings		562.9	494.8
Total equity		**628.4**	**515.0**
Total equity and liabilities		**2,276.1**	**1,818.4**

These financial statements were approved by the Board of Directors on 8 September 2017.

Company Registration No. 02939389.

Signed on behalf of the Board of Directors.

HN Moser
Director

GD Beckett
Director

Company statement of financial position
As of 30 June 2017
All amounts are stated in £m

	Note	2017	2016
Assets			
Cash and balances at bank		22.2	2.1
Other assets	15	1,191.9	483.2
Investments in subsidiaries	16	25.3	11.5
Total assets		**1,239.4**	**496.8**
Liabilities			
Borrowings	20	22.5	88.7
Other liabilities	21	628.8	317.1
Total liabilities		**651.3**	**405.8**
Equity			
Share capital	22	9.8	9.8
Share premium account		17.5	17.5
Capital redemption reserve		1.3	1.3
Subordinated shareholder funding reserve	20	44.9	—
Share-based payment reserve	28	1.6	1.2
Retained earnings		513.0	61.2
Total equity		**588.1**	**91.0**
Total equity and liabilities		**1,239.4**	**496.8**

These financial statements were approved by the Board of Directors on 8 September 2017.

Company Registration No. 02939389.

Signed on behalf of the Board of Directors.

HN Moser
Director

GD Beckett
Director

Consolidated statement of changes in equity
Year ended 30 June 2017
All amounts are stated in £m

2017	Called-up share capital	Share premium	Merger reserve	Capital redemption reserve	Subordinated shareholder funding reserve	Share-based payment reserve	Retained earnings	Total
At beginning of year	9.8	17.5	(9.6)	1.3	—	1.2	494.8	515.0
Retained profit for the financial year	—	—	—	—	—	—	78.2	78.2
Capital contribution	—	—	—	—	46.1	—	—	46.1
Share-based payments	—	—	—	—	—	0.4	1.2	1.6
Transfer between reserves	—	—	—	—	(1.2)	—	1.2	—
Dividend	—	—	—	—	—	—	(12.5)	(12.5)
At end of year	**9.8**	**17.5**	**(9.6)**	**1.3**	**44.9**	**1.6**	**562.9**	**628.4**

2016	Called-up share capital	Share premium	Merger reserve	Capital redemption reserve	Share-based payment reserve	Retained earnings	Total
At beginning of year	9.8	17.5	(9.6)	1.3	—	423.0	442.0
Retained profit for the financial year	—	—	—	—	—	71.8	71.8
Share-based payments	—	—	—	—	1.2	—	1.2
At end of year	**9.8**	**17.5**	**(9.6)**	**1.3**	**1.2**	**494.8**	**515.0**

Company statement of changes in equity
Year ended 30 June 2017
All amounts are stated in £m

2017	Called-up share capital	Share premium	Capital redemption reserve	Subordinated shareholder funding reserve	Share-based payment reserve	Retained earnings	Total
At beginning of year	9.8	17.5	1.3	—	1.2	61.2	91.0
Retained profit for the financial year	—	—	—	—	—	461.9	461.9
Capital contribution	—	—	—	46.1	—	—	46.1
Share-based payments	—	—	—	—	0.4	1.2	1.6
Transfer between reserves	—	—	—	(1.2)	—	1.2	—
Dividend	—	—	—	—	—	(12.5)	(12.5)
At end of year	**9.8**	**17.5**	**1.3**	**44.9**	**1.6**	**513.0**	**588.1**

2016	Called-up share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total
At beginning of year	9.8	17.5	1.3	—	58.7	87.3
Retained profit for the financial year	—	—	—	—	2.5	2.5
Share-based payments	—	—	—	1.2	—	1.2
At end of year	**9.8**	**17.5**	**1.3**	**1.2**	**61.2**	**91.0**

The share premium, capital redemption, subordinated shareholder funding and share-based payment reserves are all non-distributable.

Consolidated statement of cash flows
Year ended 30 June 2017
All amounts are stated in £m

	Note	2017	2016
Cash outflow from operating activities			
Cash outflow from operations	24	(253.1)	(214.8)
Income tax paid		(17.2)	(16.7)
Servicing of finance		(85.9)	(71.1)
Net cash outflow from operating activities		**(356.2)**	**(302.6)**
Cash flows from investing activities			
Proceeds from disposal of investments		0.1	—
Acquisition of property, plant and equipment		(1.2)	(1.4)
Proceeds from disposal of property, plant and equipment		0.1	0.1
Acquisition of intangible assets		(3.5)	(2.6)
Proceeds on sale of shares by employee-benefit trust		1.2	—
Net cash outflow from investing activities		**(3.3)**	**(3.9)**
Cash flows from financing activities			
Repayment of syndicated loan		(29.0)	—
Drawdown of facilities		138.9	304.1
Repayment of subordinated shareholder notes		(60.0)	—
Proceeds from issuance of subordinated shareholder funding		68.1	—
Repayment of senior secured notes		(304.4)	—
Proceeds from issuance of senior secured notes		575.0	—
Capital element of finance lease payments		0.2	0.1
Dividends paid		(12.5)	—
Net cash inflow from financing activities		**376.3**	**304.2**
Net increase/(decrease) in cash and cash equivalents		**16.8**	**(2.3)**
Cash and cash equivalents at beginning of year		**0.5**	**2.8**
Cash and cash equivalents at end of year		**17.3**	**0.5**

Company statement of cash flows
Year ended 30 June 2017
All amounts are stated in £m

	Note	2017	2016
Cash outflow from operating activities			
Cash (outflow)/inflow from operations	24	(336.7)	6.4
Servicing of finance		(60.8)	(40.5)
Net cash outflow from operating activities		**(397.5)**	**(34.1)**
Cash flows from investing activities			
Increase in investments		(14.7)	—
Proceeds on sale of shares by employee-benefit trust		1.2	—
Dividends received		464.5	2.6
Net cash inflow from investing activities		**451.0**	**2.6**
Cash flows from financing activities			
Repayment of syndicated loan		(29.0)	—
Drawdown of syndicated loan		—	29.0
Repayment of subordinated shareholder notes		(60.0)	—
Proceeds from issuance of subordinated shareholder funding		68.1	—
Dividends paid		(12.5)	—
Net cash (outflow)/inflow from financing activities		**(33.4)**	**29.0**
Net increase/(decrease) in cash and cash equivalents		**20.1**	**(2.5)**
Cash and cash equivalents at the beginning of the year		**2.1**	**4.6**
Cash and cash equivalents at end of year		**22.2**	**2.1**

Notes to the financial statements
All amounts are stated in £m

1. Reporting entity and general information

Together Financial Services Limited, formerly Jerrold Holdings Limited, (the Company) is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Together Financial Services Limited and its subsidiaries (the Group).

2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). No individual income statement or related notes are presented for the Company as permitted by Section 408 (4) of the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the individual accounting policies or in Note 3 to the accounts.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2017 and not early adopted:

There are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (IASB) but which have not yet been endorsed by the EU. The most significant of these are IFRS 9 *Financial Instruments,* the planned replacement for IAS 39 *Financial Instruments: Recognition and Measurement,* and IFRS 16 *Leases,* the planned replacement for IAS 17 *Leases.*

IFRS 9

IFRS 9 was issued in July 2014 and is effective for annual periods beginning on or after 1 January 2018. The Group plans to apply IFRS 9 initially on 1 July 2018.

Under IFRS 9 a financial asset can be measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and if the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest. Based on its preliminary high-level assessment, the Group's current expectation is that loans and advances to customers would in general continue to be measured at amortised cost under IFRS 9. However, this assessment has not included a detailed review of the contractual terms of all financial assets and is not final.

The most significant impact of IFRS 9 is expected to result from its new impairment requirements. IFRS 9 replaces IAS 39's incurred-loss approach to impairment with a forward-looking one based on expected credit losses (ECLs). This will require considerable judgement over how changes in economic factors affect ECLs. The actual impact of adopting IFRS 9 on the Group's results in 2018-19 is not known and cannot be reasonably estimated because it will depend on the financial instruments the Group holds and economic conditions at that time, as well as on accounting elections and judgements it will make in the future. However, management expects loss allowances under IFRS 9 to be larger than under IAS 39 and that IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The changes to hedge accounting requirements under IFRS 9 are not expected to affect the Group's results as it currently has no hedging arrangements in place.

2. Significant accounting policies (continued)

IFRS 9 (continued)

Changes in accounting policies resulting from adoption of IFRS 9 will generally be applied retrospectively. The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement. Differences in carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 will be recognised in retained earnings at 1 July 2018.

IFRS 16

IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. The Group plans to apply IFRS 16 initially on 1 July 2019.

IFRS 16 provides a single lease accounting model, recognising most leases on the statement of financial position. This may also introduce a degree of volatility to assets and liabilities for lessees due to the requirements to reassess certain key estimates and judgements at each reporting date. The standard replaces the dual lease accounting model approach of IAS 17 which treats finance leases and operating leases separately. It has not yet been possible to estimate the financial impact of adoption of the standard but it is unlikely to be material to the Group's results.

Changes in accounting policies resulting from adoption of IFRS 16 will generally be applied retrospectively. The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods. Differences in carrying amounts of lease assets and liabilities resulting from the adoption of IFRS 16 will be recognised in retained earnings at 1 July 2019.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in the Income Statement as incurred.

2. Significant accounting policies (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by IFRS the goodwill previously written off has not been reinstated in the statement of financial position.

Merger accounting has continued to be used on transition to IFRS for the consolidation of the following subsidiaries:

Together Commercial Finance Limited
Together Personal Finance Limited
Blemain Finance Limited
Briar Hill Court Limited
FactFocus Limited
Harpmanor Limited
Jerrold Mortgage Corporation Limited
Monarch Recoveries Limited
Supashow Limited

Under this method any goodwill arising on consolidation is treated as a reduction in reserves.

On disposal or closure of a previously acquired business, the attributable amount of goodwill, including that previously written off to reserves, is included in determining the profit or loss on disposal.

Operating segments

The Group's only listed financial instruments are issued by a subsidiary, Jerrold Finco PLC, rather than the parent Company, Together Financial Services Limited. The Group is therefore outside the scope of IFRS 8, *Operating Segments,* and accordingly does not disclose segmental information in these financial statements.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

2. Significant accounting policies (continued)

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Fees and commissions expenses primarily consist of legal and valuations fees and credit search fees.

Leases

The Group as lessee

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. 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 and the related assets are not recognised on the statement of financial position.

The Group as lessor

Rentals received under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Pension benefits

During the period the Group operated a defined contribution scheme and made contributions to employees' personal pension schemes.

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year to personal pension schemes. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payments

The group has granted options to key employees under an equity-settled scheme.

The cost of providing the options to group employees is charged to the income statement over the vesting period of the related options. The corresponding credit is made to a share-based payment reserve within equity.

In the company's financial statements the grant by the parent of options over its equity instruments to the employees of subsidiary undertakings is treated as an investment in subsidiaries. The fair value of employee services received, measured by reference to the fair value at the date of grant, is recognised over the vesting period as an increase in investments in subsidiary undertakings, with a corresponding credit to the share-based payment reserve within equity.

The cost of options is based on their fair value, determined using a Black-Scholes pricing model. The value of the charge is adjusted at each reporting date to reflect lapses and expected or actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

2. Significant accounting policies (continued)

Taxation (continued)

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Financial assets & liabilities

Financial assets

All the Group's financial assets are categorised as loans and receivables. Loans and receivables are predominantly mortgage loans and advances to customers with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell in the near term. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

All the Group's financial liabilities are designated as financial liabilities at amortised cost and largely consist of borrowings. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the income statement over the expected term of the instruments using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

Impairment of financial assets

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

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognised in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Future cash flows in a Group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, the Group uses its experienced judgement to correct model deficiencies and systemic risks where appropriate and supported by historical loss experience data. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related allowance. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Securitisation

Where the Group securitises its own financial assets, this is achieved via the sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors.

SPEs used to raise funds through securitisation transactions are consolidated into the Group's operations in accordance with IFRS 10 *Consolidated Financial Statements* as if they were wholly-owned subsidiaries. Financial assets transferred to SPEs under securitisation agreements are not derecognised by the Group because it retains the risks and rewards of ownership, and all financial assets and liabilities related to the SPE continue to be held on the Group's consolidated statement of financial position.

Inventories

Inventories consist of stock properties and are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	***10-15 years straight-line on cost***
Motor vehicles	***25% reducing balance***
Computer equipment	***3-5 years straight-line on cost***

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each balance sheet date. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is less than the recoverable amount, an impairment charge is recognised in the income statement.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within operating expenses in the income statement.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life of five years and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets consist wholly of expenditure relating to computer software incurred in respect of individual projects and are capitalised only if all of the following conditions are met:

- an intangible asset is created that can be separately identified;
- it is probable that the intangible asset created will generate future economic benefits; and
- the development cost of the intangible asset can be measured reliably.

This type of expenditure primarily relates to internally developed software and is amortised on a straight-line basis over the life of the asset.

Where the above conditions for capitalisation are not met, development expenditure is recognised as an expense in the period in which it is incurred.

All intangibles assets are reviewed for indications of impairment at least annually. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is less than the recoverable amount, an impairment charge is recognised in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. Critical accounting estimates and judgements

In applying the accounting policies set out above, the Group makes no critical accounting judgements but makes the following significant estimates and assumptions that affect the reported amounts of assets and liabilities:

a) Loan impairment allowances

Allowances for loan impairment represent management's best estimate of the losses incurred in the loan portfolios at the reporting date. Charges to the allowances for loan impairment are reported in the consolidated income statement as impairment losses on loans and advances. Impairment allowances are made if there is objective evidence of impairment as a result of one or more subsequent events regarding a significant loan or a portfolio of loans and its impact can be reliably estimated.

3. Critical accounting estimates and judgements (continued)

a) Loan impairment allowances (continued)

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

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fees and commission

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the contractual interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

4. Interest receivable and similar income

	2017	2016
Interest on loans and advances to customers	**246.5**	**210.8**

Included within interest on loans and advances to customers is £9.6m (2016: £11.7m) relating to impaired loans.

5. Interest payable and similar charges

	2017	2016
On borrowings	**88.8**	**67.5**

Interest payable and similar charges include £14.8m (2016: £nil) of costs relating to the refinancing of senior secured notes.

6. Fee and commission income

	2017	2016
Fee income on loans and advances to customers	3.9	3.8
Other fees receivable	0.3	0.4
	4.2	**4.2**

Notes to the financial statements (continued)
All amounts are stated in £m

7. Fee and commission expense

	2017	2016
Legal, valuations and other fees	1.0	0.8
Insurance commissions and charges	1.1	0.9
	2.1	**1.7**

8. Other income

	2017	2016
Rental income	0.1	0.1
Other income	—	0.1
	0.1	**0.2**

9. Administrative expenses

	Note	2017	2016
Staff costs	10	38.9	21.9
Auditor's remuneration	11	0.5	0.9
Depreciation of property, plant and equipment		1.2	1.0
Amortisation of intangible assets		1.0	0.4
Operating lease rentals		1.1	1.1
Other administrative costs		15.7	16.6
		58.4	**41.9**

There were no material gains or losses on the disposal of property, plant and equipment (2016: £nil).

10. Staff costs

The average monthly number of employees, including executive directors, was:

Management and administration	**2017 No.**	**2016 No.**
Full time	495	401
Part time	27	23
	522	**424**

The aggregate remuneration of employees and directors was as follows:

Staff remuneration	**2017**	**2016**
Wages and salaries	28.8	15.8
Social security costs	3.7	2.1
Pension costs	0.4	0.2
	32.9	**18.1**
Director's remuneration		
Emoluments	5.9	3.7
Company contribution to personal pension schemes	0.1	0.1
	6.0	**3.8**
Total staff costs	**38.9**	**21.9**

The emoluments of the highest paid director were £2.0m (2016: £0.8m) including £nil (2016: £nil) of Company contributions to a defined contribution pension scheme. Details of the pension arrangements operated by the Group are given in note 27.

10. Staff costs (continued)

All staff are employed by a Group subsidiary. Remuneration for employees and directors included £8.2m (2016: £nil) of one-off costs associated with the corporate restructuring transaction.

11. Auditor's remuneration

	2017	2016
Fees payable for the audit of the Company's accounts	0.2	0.1
Fees payable for the audit of the Company's subsidiaries	0.0	0.0
Tax advisory and compliance services	0.1	0.1
Other services	0.2	0.7
	0.5	**0.9**

12. Income tax

	2017	2016
Current tax		
Corporation tax	15.1	21.0
Adjustment in respect of prior years	(2.9)	0.1
	12.2	**21.1**
Deferred tax		
Origination and reversal of temporary differences	0.1	(3.1)
Adjustment in respect of prior years	3.2	(0.1)
Effect of changes in tax rate	0.4	0.6
	3.7	**(2.6)**
Total tax on profit	**15.9**	**18.5**

Corporation tax is calculated at 19.75% (2016: 20.00%) of the estimated profit for the year. Amounts in respect of prior years relate to the finalisation of the adjustments on transition to IFRS.

The differences between the Group tax charge for the period and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2017	2016
Profit before tax	**94.1**	**90.3**
Tax on profit at standard UK corporation tax rate of 19.75%/20.00%	18.6	18.1
Effects of:		
Expenses not deductible for tax purposes	1.0	0.2
Income not taxable	(0.1)	(0.4)
Group relief	(4.3)	—
Adjustment in respect of prior years	0.3	—
Changes in tax rate	0.4	0.6
Group tax charge for year	**15.9**	**18.5**

Notes to the financial statements (continued)
All amounts are stated in £m

13. Loans and advances to customers

	2017	2016
Gross loans and advances	2,303.1	1,869.5
Less: allowances for impairment on loans and advances	(62.2)	(68.8)
	2,240.9	**1,800.7**

Gross loans and advances are repayable:

	2017	2016
Due within one year	967.9	811.4
Due within 1-5 years	571.6	489.4
Due after five years	763.6	568.7
	2,303.1	**1,869.5**

Allowance for impairment losses	2017	2016
At beginning of year	(68.8)	(69.3)
Charges to the income statement	(8.8)	(16.0)
Unwind of discount	9.6	11.7
Write-offs net of recoveries	5.8	4.8
At end of year	**(62.2)**	**(68.8)**

Impairment losses for year	2017	2016
Charges to the income statement	(8.8)	(16.0)
Amounts written off	(0.1)	(0.1)
Amounts released from deferred income	1.3	2.0
Recoveries of amounts previously written off	0.2	0.3
	(7.4)	**(13.8)**

Loans and advances to customers include total amounts of £11.1m (2016: £10.6m) loaned to August Blake Developments Limited, Sunnywood Estates Limited and Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

14. Inventories

	2017	2016
Properties held for resale	**0.9**	**0.9**

15. Other assets

Group	2017	2016
Amounts owed by related parties	0.8	0.1
Other debtors	0.6	0.1
Prepayments and accrued income	3.0	2.1
	4.4	**2.3**

Company	2017	2016
Amounts owed by subsidiaries	1,191.8	483.2
Prepayments and accrued income	0.1	—
	1,191.9	**483.2**

Amounts owed by related parties of the Group are in respect of companies in which HN Moser is a director and shareholder (see note 25).

Notes to the financial statements (continued)
All amounts are stated in £m

16. Investments in subsidiaries

The Company held the following investments in subsidiary undertakings:

	2017	2016
At beginning of year	11.5	10.3
Additions	13.8	1.2
At end of year	**25.3**	**11.5**

The Company has the following subsidiaries, all of which are incorporated in Great Britain and are registered in England and Wales and operate throughout the United Kingdom:

	Shares and voting rights	Principal activities
Trading subsidiaries		
Auction Finance Limited	100%	Commercial lending
Blemain Finance Limited	100%	Retail lending
Bridging Finance Limited	100%	Commercial lending
Harpmanor Limited	100%	Commercial lending
Jerrold FinCo PLC	100%	Financier
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Retail lending
Together Commercial Finance Limited	100%	Commercial lending
(formerly Lancashire Mortgage Corporation Limited)		
Together Personal Finance Limited	100%	Retail lending
(formerly Cheshire Mortgage Corporation Limited)		
Non-trading subsidiaries		
Briar Hill Court Limited	100%	
FactFocus Limited	100%	
General Allied Properties Limited	100%	
Heywood Finance Limited	100%	
Heywood Leasing Limited	100%	
Jerrold Mortgage Corporation Limited	100%	
Monarch Recoveries Limited	100%	
Supashow Limited	100%	
Together123 Limited	100%	
Dormant subsidiaries		
BridgingFinance.co.uk Limited	100%	
Classic Car Finance Limited	100%	
Finance Your Property Limited	100%	
Jerrold Holdings Limited	100%	
(formerly Together Financial Services Limited)		
Privileged Estates Limited	100%	
Proactive Bridging Limited	100%	
Proactive Lending Limited	100%	
Provincial & Northern Properties Limited	100%	

The above are all direct holdings of the ordinary share capital of the companies, with the exception of Spot Finance Limited which is held by Blemain Finance Limited. The dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006. The registered address of all subsidiaries is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

The consolidated results include the following securitisation vehicles and trusts:

Charles Street Conduit Asset Backed Securitisation 1 Limited
Delta Asset Backed Securitisation 1 Limited
Lakeside Asset Backed Securitisation 1 Limited
Jerrold Holdings Employee Benefit Trust

Notes to the financial statements (continued)
All amounts are stated in £m

17. Property, plant and equipment

2017 Group	Fixtures, fittings and equipment	Motor vehicles	Total
Cost			
At beginning of year	5.9	1.3	7.2
Additions	0.6	0.6	1.2
Disposals	—	(0.3)	(0.3)
At end of year	**6.5**	**1.6**	**8.1**
Depreciation and amortisation			
At beginning of year	2.2	0.5	2.7
Charge for the year	1.0	0.2	1.2
Disposals	—	(0.2)	(0.2)
At end of year	**3.2**	**0.5**	**3.7**
Net book value			
At 30 June 2017	**3.3**	**1.1**	**4.4**
At 30 June 2016	**3.7**	**0.8**	**4.5**

2016 Group	Fixtures, fittings and equipment	Motor vehicles	Total
Cost			
At beginning of year	5.3	1.0	6.3
Additions	0.9	0.5	1.4
Disposals	(0.3)	(0.2)	(0.5)
At end of year	**5.9**	**1.3**	**7.2**
Depreciation and amortisation			
At beginning of year	1.7	0.4	2.1
Charge for the year	0.8	0.2	1.0
Disposals	(0.3)	(0.1)	(0.4)
At end of year	**2.2**	**0.5**	**2.7**
Net book value			
At 30 June 2016	**3.7**	**0.8**	**4.5**
At 30 June 2015	**3.6**	**0.6**	**4.2**

18. Intangible assets

Group	2017	2016
Cost		
At beginning of year	3.7	1.1
Additions	3.5	2.6
At end of year	**7.2**	**3.7**
Depreciation and amortisation		
At beginning of year	0.5	0.1
Charge for the year	1.0	0.4
At end of year	**1.5**	**0.5**
Net book value		
At end of year	**5.7**	**3.2**
At beginning of year	**3.2**	**1.0**

19. Deferred tax asset

	2017	2016
At beginning of year	6.1	3.5
(Charge)/credit to income statement	(0.1)	3.1
Adjustment in respect of prior years	(3.2)	0.1
Effect of tax rates	(0.4)	(0.6)
At end of year	**2.4**	**6.1**

The deferred tax asset consisted of the following:

	2017	2016
Accelerated capital allowances	(0.1)	(0.3)
Short-term timing differences	2.5	6.4
	2.4	**6.1**

20. Borrowings

Group	**2017**	**2016**
Bank loans	—	29.0
Loan notes	1,022.9	884.0
Shareholder notes	—	60.0
Subordinated shareholder loans	23.2	—
Senior secured notes	575.0	304.4
Obligations under finance leases	0.6	0.4
	1,621.7	**1,277.8**
Debt issue costs	(18.8)	(18.4)
Total borrowings	**1,602.9**	**1,259.4**
Of which:		
Due for settlement within 12 months	0.3	0.2
Due for settlement after 12 months	1,602.6	1,259.2
	1,602.9	**1,259.4**

Company	**2017**	**2016**
Bank loans	—	29.0
Shareholder notes	—	60.0
Subordinated shareholder loans	23.2	—
	23.2	**89.0**
Debt issue costs	(0.7)	(0.3)
Total borrowings	**22.5**	**88.7**
Of which:		
Due for settlement within 12 months	—	—
Due for settlement after 12 months	22.5	88.7
	22.5	**88.7**

As part of the Exit Transactions described in the Chief Financial Officer’s review and in note 25, of £60m of shareholder loan notes previously issued by Together Financial Services Limited, £17m was repaid and £43m was novated via the new intermediate holding companies to Redhill Famco Limited. This funding was replaced with interest-free subordinated shareholder loans totalling £60m due to Bracken Midco2 Limited, which comprised a £43.0m loan with a maturity date of 2 November 2036 and £17.0m with a maturity of 2 November 2022. In addition a further interest-free subordinated shareholder loan of £8.1m with a maturity

20. Borrowings (continued)

of 2 November 2022 was provided to Together Financial Services Limited by Bracken Midco2 Limited to fund payments made under a management incentive scheme and certain other expenses which crystallised on completion of the Exit Transactions. On 22 February 2017 the loans with a maturity date of 2 November 2022 totalling £25.1m had their maturity dates extended to 30 September 2024. The difference between the total nominal value of £68.1m and the initial fair value of £22.0m represents a non-distributable capital contribution of £46.1m, £1.2m of which had amortised by the year end. The remainder of the reserve will be released over the life of the instruments.

On 13 October 2016, Jerrold FinCo PLC (a subsidiary of Together Financial Services Limited) successfully issued £375m 6¼% senior secured notes due in 2021, refinancing the £300m 9¾% senior secured notes due in 2018. This resulted in a net charge to the income statement of £14.8m (2016: £nil), relating specifically to an early repayment penalty and the accelerated release of debt purchase costs net of the release of the debt issue premium.

On 26 January 2017, the Company successfully completed a new £90m credit facility, Delta Asset Backed Securitisation 1 Limited. The facility will run until January 2021 and support the Group's commercial lending activity.

On 22 February 2017, Jerrold FinCo PLC successfully issued £200m of senior secured notes due in 2024.

On 5 June 2017 the Group's revolving credit facility was extended on favourable terms to 2021 and increased from £29m to £57.5m.

Debt issue costs, which consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes, are deducted from the loan carrying amounts and charged to interest expense over the expected duration or term of the facility or notes as appropriate.

Borrowings have the following maturities:

As at 30 June 2017:

Group	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Loan notes	—	151.0	871.9	—	1,022.9
Subordinated shareholder loans	—	—	—	23.2	23.2
Senior secured notes	—	—	375.0	200.0	575.0
Finance leases	0.3	0.3	—	—	0.6
	0.3	**151.3**	**1,246.9**	**223.2**	**1,621.7**
Debt issue costs	—	—	(16.3)	(2.5)	(18.8)
	0.3	**151.3**	**1,230.6**	**220.7**	**1,602.9**

Company					
Subordinated shareholder loans	—	—	—	23.2	23.2
Debt issue costs	—	—	—	(0.7)	(0.7)
	—	**—**	**—**	**22.5**	**22.5**

Notes to the financial statements (continued)
All amounts are stated in £m

20. Borrowings (continued)

As at 30 June 2016:

Group	<1 year	1-2 years	2-5 years	>5 years	Total
Bank loans	—	29.0	—	—	29.0
Loan notes	—	—	884.0	—	884.0
Shareholder notes	—	—	—	60.0	60.0
Senior secured notes	—	—	304.4	—	304.4
Finance leases	0.2	0.1	0.1	—	0.4
	0.2	**29.1**	**1,188.5**	**60.0**	**1,277.8**
Debt issue costs	—	—	(18.4)	—	(18.4)
	0.2	**29.1**	**1,170.1**	**60.0**	**1,259.4**

Company	<1 year	1-2 years	2-5 years	>5 years	Total
Bank loans	—	29.0	—	—	29.0
Shareholder notes	—	—	—	60.0	60.0
	—	**29.0**	**—**	**60.0**	**89.0**
Debt issue costs	—	(0.3)	—	—	(0.3)
	—	**28.7**	**—**	**60.0**	**88.7**

21. Other liabilities

Group	2017	2016
Trade creditors	2.3	1.2
Other creditors	2.9	2.3
Other taxation and social security	0.7	0.6
Accruals and deferred income	31.6	27.6
	37.5	**31.7**

Company	2017	2016
Amounts owed to subsidiaries	628.8	308.6
Accruals and deferred income	—	8.5
	628.8	**317.1**

22. Share capital

Authorised	2017	2016
10,405,653 A ordinary (2016: 10,850,092 preferred) shares of 50 pence each	5.2	5.4
Nil (2016: 22) A deferred ordinary shares of 0.1 pence each	—	—
Nil (2016: 2,744,974) B1 ordinary shares of 49.9 pence each	—	1.4
Nil (2016: 6,404,938) B2 ordinary shares of 49.9 pence each	—	3.2
9,149,912 (2016: nil) B ordinary shares of 49.9 pence each	4.6	—
Nil (2016: 154,690) C1 ordinary shares of 1 penny each	—	—
Nil (2016: 696,049) C2 ordinary shares of 1 penny each	—	—
Nil (2016: 64,250) C3 ordinary shares of 1 penny each	—	—
921,501 (2016: nil) C ordinary shares of 1 penny each	—	—
70,000 (2016: 100,000) D ordinary shares of 1 penny each	—	—
10,000 E ordinary shares of 1 penny each	—	—
	9.8	**10.0**

Notes to the financial statements (continued)
All amounts are stated in £m

22. Share capital (continued)

Issued, allotted and fully paid	2017	2016
10,405,653 A ordinary (2016: preferred) shares of 50 pence each	5.2	5.2
Nil (2016: 13) A deferred ordinary shares of 0.1 pence each	—	—
Nil (2016: 2,744,974) B1 ordinary shares of 49.9 pence each	—	1.4
Nil (2016: 6,404,938) B2 ordinary shares of 49.9 pence each	—	3.2
9,149,912 (2016: nil) B ordinary shares of 49.9 pence each	4.6	—
Nil (2016: 131,202) C1 ordinary shares of 1 penny each	—	—
Nil (2016: 696,049) C2 ordinary shares of 1 penny each	—	—
Nil (2016: 64,250) C3 ordinary shares of 1 penny each	—	—
921,501 (2016: nil) C ordinary shares of 1 penny each	—	—
70,000 (2016: 100,000) D ordinary shares of 1 penny each	—	—
	9.8	**9.8**

On 2 November 2016, as part of the Exit Transactions described in the Chief Financial Officer's review and in note 25, Bracken Midco2 Limited purchased 26,805 and 3,195 D ordinary shares from senior management and an employee benefit trust respectively (upon which such transferring D ordinary shares automatically converted into C ordinary shares). Following the exit of the funds, the share capital structure was also simplified, with the consolidation of the B1 and B2 ordinary shares into a single B class and the consolidation of the C1, C2 and C3 ordinary shares into a single C class. In addition the A deferred ordinary shares of 0.1 pence were bought back and cancelled.

23. Financial instruments and fair values

All the Group's financial assets and liabilities are held at amortised cost. The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of financial assets is adjusted for incurred loss provisions.

The following table summarises the carrying and fair values of loans and advances and of borrowings as at the year end, analysing the fair values into different levels according to the degree to which they are based on observable inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Measurements derived from observable data, such as market prices or rates;
Level 3: Measurements rely on significant inputs not based on observable market data.

	Level 1	Level 2	Level 3	Fair value	Carrying value
2017					
Financial assets					
Loans and advances to customers	—	—	2,349.8	2,349.8	2,240.9
Financial liabilities					
Borrowings	593.8	1,087.3	23.8	1,704.9	1,602.9
2016					
Financial assets					
Loans and advances to customers	—	—	1,873.9	1,873.9	1,800.7
Financial liabilities					
Borrowings	308.3	982.0	43.0	1,333.3	1,259.4

The fair value of loans and advances to customers is based on future interest cash flows (at funding rates) and principal cash flows discounted using the rate for new originations of mortgages with similar characteristics. This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets.

23. Financial instruments and fair values (continued)

Forecast principal repayments are based on redemption at maturity with overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour.

The fair value of loans and advances to customers in total is 5% higher than the carrying value as at 30 June 2017 (2016: 4%). This is primarily due to the current origination rates used to discount future cash flows being below existing customer interest rates. A 1% increase in the discount rate would result in a reduction in the fair value of loans and advances to customers of £116m and a 1% decrease would result in an increase of £131m.

The borrowings stated at fair value in level 3 almost entirely represent subordinated shareholder loans and notes. Market prices are not available for these instruments, and market prices for quoted subordinated instruments are not suitable as they do not reflect the relationship of the shareholders to the Group.

The estimated fair value of these instruments has been based on expected future cash flows. Management has estimated the discount rate for the shareholder loans by reference to the rates payable on other instruments. These instruments are those issued by the Group and for which market prices are available, and those issued by its intermediate holding companies as part of the restructuring of the Group's ownership. The effect of factors such as differing tenor, degree of subordination and the structure of interest payments are taken into account in these estimates. The loans repayable in 2024 are discounted at 8.0% and those in 2036 at 8.75% (2016 shareholder notes: 10%). A 1% reduction in the discount rate would result in an increase in the carrying value of approximately £2.7m and a 1% increase in the rate would result in a decrease of approximately £2.3m.

Explanation and disclosures of risks associated with the Group's business, including its financial instruments, are given in the risk-management section of the annual report.

Notes to the financial statements (continued)
All amounts are stated in £m

24. Reconciliation of profit after tax to net cash outflow from operations

Group	2017	2016
Profit after tax	78.2	71.8
Adjustments for:		
Taxation	15.9	18.5
Depreciation and amortisation	2.2	1.4
Share-based payments	0.4	1.2
Interest expense	88.8	67.5
	185.5	**160.4**
Increase in loans and advances to customers	(440.2)	(377.2)
(Increase)/decrease in other assets	(2.1)	0.1
Increase in accruals and deferred income	1.9	3.1
Increase/(decrease) in trade and other liabilities	1.8	(1.2)
	(438.6)	**(375.2)**
Cash outflow from operations	**(253.1)**	**(214.8)**

Company	2017	2016
Profit after tax	461.9	2.5
Adjustments for:		
Dividends received	(464.5)	(2.5)
Interest expense	53.1	37.4
Impairment of investment in subsidiaries	1.3	—
	51.8	**37.4**
Increase in prepayments	(0.1)	—
Inter-group recharges and treasury transfers	(388.4)	(31.0)
	(388.5)	**(31.0)**
Cash (outflow)/inflow from operations	**(336.7)**	**6.4**

25. Related party transactions

Relationships

The Company has the following related parties:

a) Controlling party

During the year, HN Moser, a director of Together Financial Services Limited, and the DL Moser 1995 Family Settlement No1 Trust (together the Moser Shareholders) indirectly acquired the equity interest in the Company of funds managed by Equistone Partners Europe and Standard Life Investments (the Exit Transactions). The Exit Transactions resulted in a series of holding companies being incorporated above the Company: all the voting shares of Together Financial Services Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited, which is wholly controlled by the Moser Shareholders. As a result the Moser Shareholders indirectly own 100% of the Company's voting share capital.

25. Related party transactions (continued)

Relationships (continued)

a) Controlling party (continued)

Besides the companies owned by Redhill Famco Limited, other entities owned by the Moser Shareholders are deemed to be related parties and during the year transacted with the Company's subsidiaries as follows:

Entity	Nature of transactions
Bracken House Properties LLP	The Group pays operating lease and insurance costs to Bracken House Properties LLP for its provision of the Group's head office property.
Centrestand Limited	The Group collects rents and pays service charges and costs on behalf of Centrestand Limited.
Charles Street Commercial Investments Limited	The Group refers borrowers outside its lending criteria to Charles Street Commercial Investments Limited in return for introduction fees. The Group performs underwriting, collection and arrears-management activities for these loans.
Sterling Property Co. Limited	Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.
August Blake Developments Limited, Edgworth Developments Limited, Sunnywood Estates Limited	The Group provides loans on a commercial basis secured on certain assets of these companies.

Balances due to or from the above entities are interest-free and repayable on demand.

b) Parent companies

During the year the Group transacted with the following parent companies owned by the Moser Shareholders:

Entity	Nature of transactions
Bracken Midco2 Limited	The Company received subordinated funding from Bracken Midco2 Limited as part of the Exit Transactions. The subordinated loans are interest-free and for fixed terms, as set out in Note 20. The difference between the loans' maturity amounts and their fair values represents a capital contribution to the Group.

c) Subsidiaries

Details of the Company's interest in its subsidiaries are listed in note 16. The Company utilises its bank and subordinated shareholder funding, and bonds raised by a subsidiary company, to provide treasury funding to its lending subsidiaries. All interest is recharged at cost. All amounts are repayable on demand.

d) Key management personnel

Key management personnel comprise directors of the Group. There are no transactions with directors other than remuneration in the ordinary course of business and the disposal of D shares disclosed in note 28.

25. Related party transactions (continued)

Transactions

The amounts receivable from and payable to related parties by the Group and Company are disclosed in notes 15 and 21 to the financial statements. The Group and Company had the following transactions with related parties during the year:

	2017		2016	
Group	**Charge/ (credit) to income or equity**	**Paid**	**Charge/ (credit) to income or equity**	**Paid**
Lease and insurance costs	1.1	1.3	1.1	0.8
Accounts payable transactions	—	0.5	—	—
Collections transferred on loans to related party	—	—	—	0.1
Related parties of the Moser Shareholders	**1.1**	**1.8**	**1.1**	**0.9**
Interest expense	1.2	—	—	—
Receipt of funding and capital	(46.1)	—	—	—
Dividends paid	12.5	12.5	—	—
Parent companies	**(32.4)**	**12.5**	**—**	**—**
Total related parties	**(31.3)**	**14.3**	**1.1**	**0.9**

Operating lease costs and insurance costs are paid to Bracken House Properties LLP on a prepaid basis. The future amounts payable under operating leases are as follows:

Group	**2017**	**2016**
Within one year	1.1	1.1
Between one and five years	4.3	4.3
After five years	4.8	5.9
Total operating leases	**10.2**	**11.3**

	2017		2016	
Company	**Charge/ (credit) to income or equity**	**Paid/ (received)**	**Charge/ (credit) to income or equity**	**Paid/ (received)**
Interest expense	1.2	—	—	—
Receipt of funding and capital	(46.1)	—	—	—
Dividends paid	12.5	12.5	—	—
Parent companies	**(32.4)**	**12.5**	**—**	**—**
Dividends receivable	(464.5)	(464.5)	—	—
Costs including management recharges	0.5	—	(0.2)	—
Interest recharges	(10.9)	—	(11.5)	—
Debts forgiven	1.2	—	—	—
Net provision of treasury funding	—	379.2	—	21.4
Subsidiary companies	**(473.7)**	**(85.3)**	**(11.7)**	**21.4**
Total related parties	**(506.1)**	**(72.8)**	**(11.7)**	**21.4**

26. Contingent liabilities

As at 30 June 2017 the Company's assets were subject to a fixed and floating charge in respect of £575m senior secured notes (2016: £300m) and £nil in respect of bank borrowings of the Group (2016: £29m).

27. Pension arrangements

During the year the Group contributed to employees' personal pension plans. The total cost for the year amounted to £0.5m (2016: £0.3m). Additionally, the Group operated a defined contribution scheme for which the pension costs charge for the year amounted to £nil (2016: £nil).

28. Share-based payments

Senior management has previously been granted D shares and options over E shares of the Company. The ability to dispose of such shares and execute such options is conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital on a cumulative basis. The value of these shares is dependent upon the value of the Company at the time. Such awards are treated as equity settled by virtue of where the obligation rests on such awards being realised.

The purchase of the share capital of Together Financial Services Limited by Bracken Midco2 Limited on 2 November 2016 triggered the ability to dispose of a proportion of the D shares and as such resulted in the vesting of a proportion of this share scheme and the sale of all the vested shares. As such the full fair value of £1.6m (2016: £1.2m) has now been recognised in the statement of comprehensive income to the extent not previously recognised. The charge relating to the remainder of the D shares has not been recognised as the event, upon which the shares vesting is contingent on, is not considered to be foreseeable by Management at this time.

The options over the E shares have not yet been exercised.

29. Ultimate parent company

The largest group of which Together Financial Services Limited is a member, and for which group financial statements will be drawn up, is that headed by Redhill Famco Limited, the company's ultimate parent company.

The registered office of Redhill Famco Limited is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit and loss for that year. In preparing each of the Group and parent Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Risk management

Overview of risk management within the Group

There are a number of potential risks and uncertainties which could have an impact on the Group's performance. To identify and control these risks the Group utilises a risk-management framework (RMF). The RMF is overseen by the Audit, Risk & Compliance Committee which reports to the Board.

At the operational level, the Group's system of internal controls and risk management operates utilising the three-lines-of-defence model. At the first line of defence, operational managers identify, manage and own the risks in their respective areas of business.

The second line of defence ensures the first line of defence is properly designed, in place, and operating as intended. This consists of the Group's risk management, compliance, legal, insurance and financial control functions. It also includes the Executive Risk Committee, Retail and Commercial Credit Risk Committees and the Conduct Excellence Committee. These functions are organisationally separate and independent of the first line of defence.

The third line of defence is provided by the internal audit function. This provides an independent internal review and assurance on the first and second lines of defence, and the governance, risk-management and internal-control frameworks operated by the Group.

Principal risks and uncertainties

The directors have identified the following as the principal risks and uncertainties facing the business:

- Credit risk
- Liquidity risk
- Market risk
- Conduct risk
- Compliance risk
- Operational risk
- Strategic risk

The following sections provide detailed discussion of these risks, including financial disclosures. The disclosures provided are based upon information used by management in overseeing the Group's activities.

Risk management disclosures

This section discusses the principal areas of risk to which the business is exposed.

Credit risk

Credit risk is the risk of suffering financial loss should borrowers default on their contractual obligations to the Group.

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 this risk is driven by both macro-economic factors, as well as by factors relating to specific customers, such as a change in the borrower's circumstances.

These risks are managed through comprehensive underwriting policies and monitored by the Credit Risk Committee. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, credit worthiness and property loan to value ratios, and throughout the life of the loan, via monitoring of arrears levels, proactive collections strategies, application of forbearance measures, and by applying macro-economic sensitivity analysis.

Affordability

The Group utilises several affordability models to ensure the customer is able to meet repayments. These are tailored to the customer and loan type.

Risk management (continued)

Risk management disclosures (continued)

Credit risk (continued)

For regulated mortgages a full assessment at underwriting stage is made of customer income and expenditure throughout the projected life of the loan. Income is verified and customers declared expenditure is considered against external statistical data. Individual affordability is stress-tested to consider potential changes during the life of the loans such as changes in interest rates or customer retirement.

Affordability of commercial mortgages is assessed against verified income utilising a debt-to-income assessment, while that for buy-to-let mortgages utilises an assessment of rental income to loan repayment.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk after allowance for impairment is as follows:

Audited	2016 £'000	2015 £'000	2014 £'000
Gross loans and advances	1,869,519	1,492,848	1,128,893
Allowance for impairment	(68,846)	(69,325)	(75,344)
Loans and advances to customers	1,800,673	1,423,523	1,053,549
Trade receivables			
Amounts owed by related parties	76	35	44
Other debtors	80	167	142
Cash and cash equivalents	546	2,772	6,849
	1,801,375	**1,426,497**	**1,060,584**

Cash and cash equivalents are primarily surplus cash placed overnight with institutions with sufficiently high credit ratings. The Group's only material credit risk therefore relates to its loans and advances to customers. The above table represents the maximum credit risk exposure to the Group at 30 June 2016, 2015 and 2014 without taking account of any underlying security.

Impaired and past-due loans

The Group manages credit risk based on gross customer balances. The gross customer balances reconcile to gross loans and advances recognised in the annual accounts as follows:

	2016 £'000	2015 £'000	2014 £'000
Gross loans and advances	1,869,519	1,492,848	1,128,893
Accounting adjustments	1,020	(11,022)	(11,113)
Gross customer balances	**1,870,539**	**1,481,826**	**1,117,780**

Reported loans and advances differ from customer balances mainly due to various accounting adjustments necessary to comply with IFRS, as loans and advances must be accounted for using an effective interest rate made on transition from UK GAAP.

Loans and advances to customers are reviewed regularly to determine whether there is any objective evidence of impairment. Specific provisions are made for assets individually assessed, and collective provisions are made for assets assessed individually but for which no specific impairment is identified.

Risk management (continued)

Risk management disclosures (continued)

Credit risk (continued)

Loan assets are categorised:

Neither past due nor impaired	Loans which are not in arrears and which do not meet the impaired asset definition
Past due but not impaired	Loans which are in arrears or where there is objective evidence of impairment, but the asset does not meet the definition of an impaired asset because the present value of the expected recoverable amount exceeds the carrying amount
Impaired assets	Loans which are in arrears or where there is objective evidence of impairment, and where the carrying value of the amount exceeds the present value of the expected amount recoverable

Gross customer balances are analysed as follows:

	2016 £'000	2015 £'000	2014 £'000
Performing			
Not past due	1,422,885	1,070,654	691,377
Past due less than 2 months	219,348	193,583	196,704
	1,642,233	1,264,237	888,081
Non performing but not impaired			
Past due 2 - 3 months	24,125	28,876	28,769
Past due over 3 months	91,311	104,699	105,370
	115,436	133,575	134,139
Impaired	112,870	84,014	95,560
Gross customer balances	**1,870,539**	**1,481,826**	**1,117,780**

Reported arrears are in relation to contractual amounts due and have not been amended to reflect changes in customers' preferred payment dates or to reflect agreed payment arrangements as part of our collection and forbearance policies.

In applying IAS39, observable data is considered to identify potential loss events. Management consider that contractual arrears of two months or more constitutes one such trigger for a potential loss event. On identification of a loss event a provision for impairment is considered based on the probability of default of the loan (based on historical evidence) and the expected loss given default amount (arrived at by calculating the present value of expected future cash flows compared to the carrying value of the loan).

Collateral held

The Group enters into agreements with customers taking security for loan receivables over immovable property. A key measure the business uses in assessing credit risk is the ratio of the loan amount to the value of the underlying security (LTV). Prior valuations are indexed using established regional house price indices to estimate the current security value. The table below shows gross customer balances by indexed LTV banding:

	2016 £'000	2015 £'000	2014 £'000
60% or less	1,242,435	966,932	619,818
60-85%	510,113	371,948	319,997
85-100%	76,257	75,028	100,759
More than 100%	41,734	67,918	77,206
Gross customer balances	**1,870,539**	**1,481,826**	**1,117,780**

Of the gross customer balances at 30 June 2016, 93.7% of loans had an indexed LTV of less than or equal to 85%.

Risk management (continued)

Risk management disclosures (continued)

Credit risk (continued)

Concentration of credit risk

The Group's lending portfolio is geographically diversified across the UK as shown below:

	2016 £'000	2015 £'000	2014 £'000
East Anglia	45,020	43,047	27,436
East Midlands	67,439	53,839	45,797
Ireland	4,992	5,071	5,013
London regions	522,915	370,012	213,050
North East	43,340	28,948	23,776
North West	345,764	301,322	263,282
Scotland	94,135	83,999	69,898
South East	302,148	228,412	158,877
South West	107,041	85,759	80,040
Wales	93,410	76,422	62,191
West Midlands	129,665	99,553	80,900
Yorks & Humber	114,670	105,442	87,520
Gross customer balances	**1,870,539**	**1,481,826**	**1,117,780**

The Group's lending portfolio falls into the following concentrations by loan size:

	2016 £'000	2015 £'000	2014 £'000
Up to £50,000	453,252	448,970	433,435
£50,000 - 100,000	333,597	272,526	217,213
£100,000 - 250,000	348,238	254,775	181,971
£250,000 - 500,000	215,229	144,496	91,028
£500,000 - 1,000,000	155,169	105,248	65,755
£1,000,000 - 2,500,000	213,911	138,427	77,489
More than £2,500,000	151,143	117,384	50,889
Gross customer balances	**1,870,539**	**1,481,826**	**1,117,780**

Forbearance

The Group offers a range of approaches to assist customers who are experiencing financial distress. Assistance is provided through trained colleagues in dedicated teams. For those customers requiring more assistance the Group works with a number of external not-for-profit agencies.

The Group considers an account as forborne at the time a customer in financial difficulty is granted a concession. The Group actively operates timely collections and arrears management processes to ensure early identification of issues to support our customers and minimise credit losses. The Group's offer of forbearance is considered separately for each customer dependent on their individual circumstances. Forbearance can be temporary or permanent in nature depending on the circumstances of the customer and the concession agreed. Examples of concessions agreed include reduced payment arrangements, extension of the mortgage term, or a change in the repayment profile.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due, or can do so only at excessive cost.

To manage its funding requirements, the Group uses a number of medium to long-term funding sources, combined with a small shorter-term revolving credit facility. Headroom held in such facilities, in combination with cash flows from redemptions, is used to provide a liquidity buffer. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cashflow movements and to enable the Group to meet all financial obligations and commitments when they fall due.

Risk management (continued)

Risk management disclosures (continued)

Liquidity risk (continued)

Within commitments we include liquidity to cover for the outstanding pipeline of loan offers. Although certain pipeline offers may not be legally binding, the failure to honour an expression of intent to finance a loan contract could otherwise cause customer detriment and result in reputation risk.

The Group places surplus cash balances on overnight deposit with institutions with sufficiently high long-term and short-term ratings.

Based on the business model of funding primarily via securitisation programmes and debt capital markets, the Board has set a liquidity risk appetite which it considers to be appropriate to provide it with the assurance that the Group is able to meet its liabilities and commitments when they fall due, and provide sufficient headroom to support anticipated loan book growth.

The Group has increased its wholesale funding in successive years in order to fund the growth in its loan portfolio. The Group's year-end wholesale funding position, net of debt issue costs and cash held, was as follows:

Audited	**2016** **£'000**	**2015** **£'000**	**2014** **£'000**
Revolving credit facility, current maturity 28 August 2017	28,715	—	33,025
Charles St conduit securitisation, maturity 31 January 2021	699,949	596,637	372,347
Lakeside Asset-Backed Securitisation, maturity 8 August 2018	169,841	—	—
Senior secured notes, maturity 15 September 2018	300,469	300,609	193,758
Shareholder notes, maturity 15 September 2021	60,000	60,000	60,000
Finance leases	422	317	203
	1,259,396	**957,563**	**659,333**

The Charles St securitisation is for a total facility of £1 bn and is available to fund all asset types, subject to eligibility criteria and loan portfolio concentration limits. The Lakeside securitisation is for a total facility of £255m and is available primarily to fund new short-term commercial-purpose loans, again subject to eligibility criteria and loan portfolio concentration limits.

Risk management (continued)

Risk management disclosures (continued)

Liquidity risk (continued)

The gross contractual maturities of the Group's borrowings, inclusive of interest but excluding any non-utilisation fees that may arise, and other financial liabilities are as follows:

	Carrying value £'000	Gross nominal cash flow £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
At 30 June 2016						
Bank loans	29,000	30,450	1,238	29,212	—	—
Loan notes	884,040	1,089,874	31,450	32,020	1,026,404	—
Shareholder notes	60,000	71,026	2,097	2,100	6,300	60,529
Senior secured notes	304,427	373,125	29,250	29,250	314,625	—
Debt issue costs	(18,493)	—	—	—	—	—
Obligations under finance leases	422	448	203	164	81	—
Borrowings	**1,259,396**	**1,564,923**	**64,238**	**92,746**	**1,347,410**	**60,529**
Trade creditors	1,261	1,261	1,261	—	—	—
Other creditors	2,294	2,294	2,294	—	—	—
Other taxation and social security	609	609	609	—	—	—
	1,263,560	**1,569,087**	**68,402**	**92,746**	**1,347,410**	**60,529**

	Carrying value £'000	Gross nominal cash flow £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
At 30 June 2015						
Bank loans	—	—	—	—	—	—
Loan notes	605,424	713,105	21,508	21,563	670,034	—
Shareholder notes	60,000	73,129	2,103	2,097	6,303	62,626
Senior secured notes	307,879	402,375	29,250	29,250	343,875	—
Debt issue costs	(16,057)	—	—	—	—	—
Obligations under finance leases	317	352	169	118	65	—
Borrowings	**957,563**	**1,188,961**	**53,030**	**53,028**	**1,020,277**	**62,626**
Trade creditors	1,326	1,326	1,326	—	—	—
Other creditors	3,313	3,313	3,313	—	—	—
Other taxation and social security	621	621	621	—	—	—
	962,823	**1,194,221**	**58,290**	**53,028**	**1,020,277**	**62,626**

	Carrying value £'000	Gross nominal cash flow £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
At 30 June 2014						
Bank loans	35,000	36,313	36,313	—	—	—
Loan notes	380,270	469,180	16,420	16,453	436,307	—
Shareholder notes	60,000	75,229	2,100	2,103	6,297	64,729
Senior secured notes	200,000	287,750	19,500	19,500	248,750	—
Debt issue costs	(16,140)	—	—	—	—	—
Obligations under finance leases	203	215	126	72	17	—
Borrowings	**659,333**	**868,687**	**74,459**	**38,128**	**691,371**	**64,729**
Trade creditors	1,320	1,320	1,320	—	—	—
Other creditors	3,425	3,425	3,425	—	—	—
Other taxation and social security	485	485	485	—	—	—
	664,563	**873,917**	**79,689**	**38,128**	**691,371**	**64,729**

Risk management (continued)

Risk management disclosures (continued)

Market risk

Market risk is the risk of loss as a result of the value of financial assets or liabilities being adversely affected by movements in market rates or prices.

The Group does not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor does it engage in any treasury trading operations. It also has no foreign currency exposure. Therefore the main market risk potentially faced by the Group is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates. This would primarily arise from debt securities issued by the Group securitisation vehicles and shareholder notes. Interest-rate risk is monitored on a monthly basis, and the Group's profit before taxation and equity are not at material risk from changes in interest rates that are reasonably expected for the next 12 months.

Conduct risk

Conduct risk is the risk of customer detriment arising from the Group's behaviours, products or interactions.

All areas of the Group are required to assess the delivery of appropriate outcomes for stakeholders. The Group has no appetite for activities that may cause detriment to customers and requires all colleagues to behave and conduct business activities in accordance with Group's values. Key conduct risks are captured through the risk control self-assessment (RCSA) process with a specific assessment of the risk impact to customers and third parties made. Individual departments monitor conduct risk in their areas through quantitative and qualitative measures. The Conduct Excellence Committee monitors the effectiveness of this and reports on it to the Board.

The Group also considers risks arising in relation to other key stakeholders such as our shareholders, funders (bondholders and banks), brokers, others who introduce business to us and suppliers. This includes both the impact to our operations from their actions, or a failure of a key stakeholder, and also the impact of our actions on our relationship with stakeholders.

Compliance (regulatory and legal) risk

Compliance risk is the risk of failure to comply with existing regulation and the potential impacts of changes in regulation on the Group's markets and operations.

The Group operates in both regulated and unregulated markets and is therefore at risk for failing to comply with existing regulation and the potential impacts of changes in regulation on its markets and operational activities. The Group mitigates this risk through robust control frameworks and quality assurance reviews in operational areas supported by experienced risk and compliance departments. The compliance department undertakes monitoring reviews to ensure compliance with legal and regulatory standards are maintained and monitors the changing regulatory environment, providing assessments in relation to forthcoming regulatory changes to ensure that the Group is appropriately prepared.

In addition the Group has in place an experienced legal department to ensure it meets all its legal obligations.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk relates to those risks associated with people, processes and systems. The Group aims to have in place robust operational systems and controls to mitigate these risks. This includes policies and procedures to manage specific risks. As part of the risk management framework the Group utilises a RCSA approach to identify, assess and manage key operational risks.

The Group has taken steps to ensure that the IT infrastructure is robust so as to meet operational performance needs, is sufficiently resilient and has sufficient controls in place to mitigate the increased cyber risk prevalent across the industry.

Risk management (continued)

Risk management disclosures (continued)

Operational risk (continued)

There is a documented and tested business continuity plan in place to enable the Group to recover operations in the event of an incident.

There are robust financial crime-prevention controls in place across the Group which are overseen by the risk department.

Strategic risk

Strategic risk is the risk to achievement of the Group's objectives arising from changes in the business or from the Group's business model proving inappropriate due to macroeconomic, industry or other factors.

When setting strategic objectives the board is mindful of current economic conditions and the potential impacts on the markets in which the Group operates, the affordability of new loans to customers and impacts on the existing book. Sensitivity and stress testing analysis are carried out against the loan book and the Group maintains a prudent balance sheet with a mix of funding structures and managed gearing levels.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the financial statements of Jerrold Holdings Limited for the year ended 30 June 2016 and 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and 30 June 2015 and of its profit for the years then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Birch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

14 September 2016

JERROLD HOLDINGS LIMITED

Consolidated statement of comprehensive income
Year ended 30 June 2016

Income statement

	Note	2016 £'000	2015 £'000
Interest receivable and similar income	4	210,837	164,401
Interest payable and similar charges	5	(67,547)	(52,289)
NET INTEREST INCOME		143,290	112,112
Fee and commission income	6	4,219	4,048
Fee and commission expense	7	(1,680)	(1,378)
Other income	8	138	552
Other losses	9	—	(504)
OPERATING INCOME		145,967	114,830
Administrative expenses	10, 11	(41,872)	(32,689)
OPERATING PROFIT		104,095	82,141
Impairment losses	19	(13,766)	(7,499)
PROFIT BEFORE NEGATIVE GOODWILL		90,329	74,642
Negative goodwill		—	122
PROFIT BEFORE TAXATION		90,329	74,764
Income tax	14	(18,561)	(16,017)
PROFIT AFTER TAXATION		71,768	58,747

Comparative information has been restated for the change in accounting standards described in note 2 and note 32.

The results for the current and preceding periods relate entirely to continuing operations.

There is no other comprehensive income in either period.

JERROLD HOLDINGS LIMITED

Consolidated statement of financial position
As at 30 June 2016

	Note	2016 £'000	2015 £'000	2014 £'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	4,529	4,205	4,378
Intangible assets	15	3,229	1,025	7
Investment property	16	45	45	179
Investments	17	123	123	123
Deferred tax asset	22	6,109	3,515	4,549
		14,035	8,913	9,236
CURRENT ASSETS				
Inventories	18	840	840	1,381
Loans and advances to customers	19	1,800,673	1,423,523	1,053,549
Trade and other receivables	20	2,312	2,357	2,205
Cash and cash equivalents		546	2,772	6,849
		1,804,371	1,429,492	1,063,984
TOTAL ASSETS		1,818,406	1,438,405	1,073,220
CURRENT LIABILITIES				
Trade and other payables	21	(31,806)	(30,987)	(24,981)
Current tax liabilities		(12,277)	(7,866)	(5,412)
Borrowings	23	(195)	(158)	(121)
		(44,278)	(39,011)	(30,514)
NET CURRENT ASSETS		1,760,093	1,390,481	1,033,470
NON-CURRENT LIABILITIES				
Borrowings	23	(1,259,201)	(957,405)	(659,212)
TOTAL LIABILITIES		(1,303,479)	(996,416)	(689,726)
NET ASSETS		514,927	441,989	383,494
EQUITY				
Share capital	24	9,779	9,779	9,778
Share premium account		17,527	17,527	17,527
Merger reserve		(9,645)	(9,645)	(9,645)
Capital redemption reserve		2,470	1,300	1,300
Revaluation reserve		—	—	21
Retained earnings		494,796	423,028	364,260
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		514,927	441,989	383,241
NON-CONTROLLING INTERESTS		—	—	253
TOTAL EQUITY		514,927	441,989	383,494

These financial statements were approved by the Board of Directors on 14 September 2016.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director

GD Beckett
Director

JERROLD HOLDINGS LIMITED

Company statement of financial position
As at 30 June 2016

	Note	2016 £'000	2015 £'000	2014 £'000
NON-CURRENT ASSETS				
Investments	17	11,474	10,304	10,051
CURRENT ASSETS				
Trade and other receivables	20	483,221	450,575	367,923
Cash and cash equivalents		2,140	4,687	9,806
		485,361	455,262	377,729
TOTAL ASSETS		496,835	465,566	387,780
CURRENT LIABILITIES				
Trade and other payables	21	(317,098)	(318,279)	(207,592)
NET CURRENT ASSETS		168,263	136,983	170,137
NON-CURRENT LIABILITIES				
Borrowings	23	(88,715)	(60,000)	(93,025)
TOTAL LIABILITIES		(405,813)	(378,279)	(300,617)
NET ASSETS		91,022	87,287	87,163
EQUITY				
Share capital	24	9,779	9,779	9,778
Share premium account		17,527	17,527	17,527
Capital redemption reserve		2,470	1,300	1,300
Retained earnings		61,246	58,681	58,558
TOTAL EQUITY		91,022	87,287	87,163

These financial statements were approved by the Board of Directors on 14 September 2016.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director

GD Beckett
Director

JERROLD HOLDINGS LIMITED

Consolidated statement of changes in equity

2016

	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2015	9,779	17,527	(9,645)	1,300	—	423,028	441,989
Retained profit for the financial year	—	—	—	—	—	71,768	71,768
Share based payments	—	—	—	1,170	—	—	1,170
As at 30 June 2016	9,779	17,527	(9,645)	2,470	—	494,796	514,927

2015

	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2014	9,778	17,527	(9,645)	1,300	21	364,260	383,241
Transfer to retained earnings	—	—	—	—	(21)	21	—
Issue of share capital	1	—	—	—	—	—	1
Retained profit for the financial year	—	—	—	—	—	58,747	58,747
As at 30 June 2015	9,779	17,527	(9,645)	1,300	—	423,028	441,989

Non-controlling interests of £253,000 at the end of 2014 were reduced to £nil in 2015 by a change in those interests. There are no non-controlling interests in the Group's equity as of 30 June 2016.

JERROLD HOLDINGS LIMITED

Company statement of changes in equity

2016

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2015	9,779	17,527	1,300	58,681	87,287
Retained profit for the financial year	—	—	—	2,565	2,565
Share based payments	—	—	1,170	—	1,170
As at 30 June 2016	9,779	17,527	2,470	61,246	91,022

2015

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 July 2014	9,778	17,527	1,300	58,559	87,164
Retained profit for the financial year	—	—	—	122	122
Issue of share capital	1	—	—	—	1
As at 30 June 2015	9,779	17,527	1,300	58,681	87,287

JERROLD HOLDINGS LIMITED

Consolidated statement of cash flows
Year ended 30 June 2016

	Note	2016 £'000	2015 £'000
CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash outflow from operations	26	(215,840)	(238,485)
Taxation		(16,742)	(12,530)
Servicing of finance		(69,990)	(49,434)
Net cash outflow from operating activities		(302,572)	(300,449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,363)	(825)
Purchase of intangible assets		(2,627)	(1,086)
Purchase of non-controlling interests		—	(131)
Proceeds on disposal of investment properties		—	171
Proceeds on disposal of property, plant and equipment		69	96
Net cash outflow from investing activities		(3,921)	(1,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of syndicated loan		—	(35,000)
Drawdown of facilities		304,163	333,032
Capital element of finance lease payments		104	114
Proceeds of issue of shares		—	1
Net cash inflow from financing activities		304,267	298,147
Net decrease in cash and cash equivalents		(2,226)	(4,077)
Cash and cash equivalents at beginning of year		2,772	6,849
CASH AND CASH EQUIVALENTS AT END OF YEAR		546	2,772

JERROLD HOLDINGS LIMITED

Company statement of cash flows
Year ended 30 June 2016

	Note	2016 £'000	2015 £'000
CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash inflow from operations	26	6,414	62,315
Servicing of finance		(40,526)	(32,304)
Net cash (outflow)/inflow from operating activities		(34,112)	30,011
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		—	(131)
Dividends received		2,565	—
Net cash inflow/(outflow) from investing activities		2,565	(131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of syndicated loan		—	(35,000)
Drawdown of syndicated loan		29,000	—
Proceeds of issue of shares		—	1
Net cash inflow/(outflow) from financing activities		29,000	(34,999)
Net decrease in cash and cash equivalents		(2,547)	(5,119)
Cash and cash equivalents at beginning of year		4,687	9,806
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,140	4,687

Notes to the financial statements

1. REPORTING ENTITY/GENERAL INFORMATION

Jerrold Holdings Limited (the Company) is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Jerrold Holdings Limited and its subsidiaries (the Group). The comparative figures for the year ended 30 June 2015 reported under IFRS are non-statutory figures; the UK GAAP statutory figures have been submitted to the Registrar of Companies with an unqualified audit opinion. The Group is primarily involved in financial services.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period and the preceding period.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). No individual income statement or related notes are presented for the Company as permitted by Section 408 (4) of the Companies Act 2006.

The date of transition to IFRS and the date of the opening IFRS statement of financial position was 1 July 2014. All financial information since this date for both the Group and the Company has been restated from UK GAAP to IFRS. Reconciliations between previously reported UK GAAP results and IFRS are presented in note 32.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the individual accounting policies.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted:

There are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (IASB) but which have not yet been endorsed by the EU. The most significant of these are IFRS 9 *Financial Instruments*, the planned replacement for IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 16 *Leases*, the planned replacement for IAS 17 *Leases*.

IFRS 9 introduces new requirements for the classification and measurement of financial assets, hedge accounting and the impairment of financial assets. Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristic of their contractual cash flows. In addition, IFRS 9 is replacing the incurred loss approach to impairment of IAS 39 with one based on expected losses, and is replacing the rules-based hedging requirements of IAS 39 with new requirements that align hedge accounting more closely with risk management activities. The Group has not yet estimated the financial effects of the new standard, although it is expected to have a significant impact on results.

IFRS 16 provides a single lease accounting model, recognising most leases on the statement of financial position. This may also introduce a degree of volatility to assets and liabilities for lessees due to the requirements to reassess certain key estimates and judgements at each reporting date. The standard replaces the dual lease accounting model approach of IAS 17 which treats finance leases and operating leases separately. It has not yet been possible to estimate the financial impact of adoption of the standard but it is unlikely to be material to the Group's results.

IFRS 9, including the final version of the requirements in respect of impairment, was issued in July 2014. The IASB has decided to apply IFRS 9 for annual periods beginning on or after 1 January 2018. The IASB issued IFRS 16 in January 2016 with an effective date of 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted: (continued)

Both IFRS 9 and IFRS 16 are required to be applied retrospectively, but prior periods need not be restated. IFRS 9 and IFRS 16, including their commencement dates, will be subject to endorsement by the EU.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by IFRS the goodwill previously written off has not been reinstated in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Merger accounting has continued to be used on transition to IFRS for the consolidation of the following subsidiaries:

Blemain Finance Limited
Briar Hill Court Limited
Cheshire Mortgage Corporation Limited
FactFocus Limited
Harpmanor Limited
Jerrold Mortgage Corporation Limited
Lancashire Mortgage Corporation Limited
Monarch Recoveries Limited
Supashow Limited

Under this method any goodwill arising on consolidation is treated as a reduction in reserves.

On disposal or closure of a previously acquired business, the attributable amount of goodwill, including that previously written off to reserves, is included in determining the profit or loss on disposal.

Operating segments

The Group's only listed financial instruments are issued by a subsidiary, Jerrold Finco PLC, rather than the parent Company, Jerrold Holdings Limited. The Group is therefore outside the scope of IFRS 8, *Operating Segments*, and accordingly does not disclose segment information in these financial statements.

Investment properties

A valuation of investment properties is made annually as at the reporting date by the directors, at fair value based on valuations conducted by external chartered surveyors. Changes in the fair value of investment properties are included in profit and loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the income statement in the year in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	5 years straight-line on cost
Computer equipment	3-5 years straight-line on cost

All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each balance sheet date. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is less than the recoverable amount, an impairment charge is recognised in the income statement.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within operating expenses in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets consist wholly of expenditure relating to computer software incurred in respect of individual projects and are capitalised only if all of the following conditions are met:

- an intangible asset is created that can be separately identified;
- it is probable that the intangible asset created will generate future economic benefits; and
- the development cost of the intangible asset can be measured reliably.

This type of expenditure primarily relates to internally developed software and is amortised on a straight-line basis over the life of the asset.

Where the above conditions for capitalisation are not met, development expenditure is recognised as an expense in the period in which it is incurred.

Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Inventories

Inventories consist of stock properties and are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Leases

The Group as lessee

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Finance lease transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term and the related assets not recognised on the statement of financial position.

The Group as lessor

Rentals received under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Pension benefits

During the period the Group operated a defined contribution scheme and made contributions to employees' personal pension schemes.

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year to personal pension schemes. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial assets & liabilities

Financial assets

All the Group's financial assets are categorised as loans and receivables. Loans and receivables are predominantly mortgage loans and advances to customers with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell in the near term. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

All the Group's financial liabilities are designated as financial liabilities at amortised cost and largely consist of borrowings. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the income statement over the term of the instruments using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

Impairment of financial assets

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

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

been incurred, discounted at the original effective interest rate. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognised in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Future cash flows in a Group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, the Group uses its experienced judgement to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Securitisation

Where the Group securitises its own financial assets, this is achieved via the sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors.

SPEs used to raise funds through securitisation transactions are consolidated into the Group's operations in accordance with IFRS 10 *Consolidated Financial Statements* as if they were wholly-owned subsidiaries. Financial assets transferred to SPEs under securitisation agreements are not derecognised by the Group because it retains the risks and rewards of ownership, and all financial assets and liabilities related to the SPE continue to be held on the Group's consolidated statement of financial position.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Fees and commissions expenses primarily consist of legal and valuations fees and credit search fees.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the accounting policies set out above, the Group makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

a) Loan impairment allowances

Allowances for loan impairment represent management's best estimate of the losses incurred in the loan portfolios at the reporting date. Charges to the allowances for loan impairment are reported in the consolidated income statement as impairment losses on loans and advances. Impairment provisions are made if there is objective evidence of impairment as a result of one or more subsequent events regarding a significant loan or a portfolio of loans and its impact can be reliably estimated.

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

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fees and commission

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the contractual interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest on loans and advances to customers	210,792	164,314
Other interest receivable	45	87
	210,837	164,401

Included within interest on loans and advances to customers is £11,709,000 (2015: £13,427,000) relating to impaired loans.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
On borrowings	67,547	52,289

6. FEE AND COMMISSION INCOME

	2016 £'000	2015 £'000
Fee income on loans and advances to customers	3,761	3,480
Other fees receivable	458	568
	4,219	4,048

7. FEE AND COMMISSION EXPENSE

	2016 £'000	2015 £'000
Legal, valuations and other fees	756	685
Insurance commissions and charges	924	693
	1,680	1,378

8. OTHER INCOME

	2016 £'000	2015 £'000
Rental income	96	104
Other income	42	34
Proceeds on sale of stock properties	—	414
	138	552

9. OTHER LOSSES

	2016 £'000	2015 £'000
Costs of sales on stock properties	—	(541)
Gains on sale of investment properties	—	37
	—	(504)

10. ADMINISTRATIVE EXPENSES

	2016 £'000	2015 £'000
Staff costs	25,730	22,058
Auditor's remuneration	110	85
Operating lease rentals	1,099	1,118
Other administrative costs	13,554	8,471
	40,493	31,732

Included within other administrative costs are losses on disposal of property, plant and equipment of £14,000 (2015: £13,000).

11. DEPRECIATION AND AMORTISATION

	2016 £'000	2015 £'000
Depreciation	956	889
Amortisation of intangible assets	423	68
	1,379	957

12. AUDITOR'S REMUNERATION

	2016 £'000	2015 £'000
Fees payable for the audit of the Company's accounts	83	64
Fees payable for the audit of the Company's subsidiaries	27	21
Tax advisory and compliance services	83	60
Other services	724	432
	917	577

13. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2016 No.	2015 No.
Management and administration		
Full time	401	354
Part time	23	19
	424	373

Their aggregate remuneration, excluding executive directors, comprised:

	2016 £'000	2015 £'000
Wages and salaries	19,493	16,398
Social security costs	2,092	1,883
Pension costs	335	434
	21,920	18,715
The directors' remuneration comprised:		
Emoluments	3,683	3,280
Company contribution to personal pension schemes	127	63
	3,810	3,343

13. STAFF COSTS (continued)

The emoluments of the highest paid director were £785,000 (2015: £995,000) including £nil (2014: £nil) of Company contributions to a defined contribution pension scheme. Details of the pension arrangements operated by the Group are given in note 29.

14. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
Current tax		
Corporation tax	21,043	14,959
Adjustment in respect of previous years	112	25
	21,155	14,984
Deferred tax		
Origination and reversal of timing differences	(3,077)	1,074
Adjustment in respect of prior years	(153)	(2)
Effect of tax rates	636	(39)
Total deferred tax	(2,594)	1,033
Total tax on profit	18,561	16,017

The differences between the Group tax charge for the period and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2016 £'000	2015 £'000
Profit before tax	90,329	74,764
Tax on profit at standard UK corporation tax rate of 20.00%/20.75%	18,066	15,514
Effects of:		
Expenses not deductible for tax purposes	239	826
Income not taxable	(339)	(308)
Adjustment in respect of previous years	(41)	23
Effect of changes in tax rate	636	(38)
Group current tax charge for period	18,561	16,017

15. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

2016 Group	Property, plant and equipment				
	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	Intangible assets £'000	Total £'000
Cost					
At 1 July 2015	5,292	1,028	6,320	1,093	7,413
Additions	926	437	1,363	2,627	3,990
Disposals	(336)	(214)	(550)	—	(550)
At 30 June 2016	5,882	1,251	7,133	3,720	10,853
Depreciation and amortisation					
At 1 July 2015	1,723	392	2,115	68	2,183
Charge for the year	772	184	956	423	1,379
Disposals	(336)	(131)	(467)	—	(467)
At 30 June 2016	2,159	445	2,604	491	3,095
Net book value					
At 30 June 2016	3,723	806	4,529	3,229	7,758
At 30 June 2015	3,569	636	4,205	1,025	5,230

15. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (continued)

2015 Group	Property, plant and equipment Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	Intangible assets £'000	Total £'000
Cost					
At 1 July 2014	4,772	1,069	5,841	7	5,848
Additions	544	297	841	1,181	2,022
Disposals	(8)	(338)	(346)	—	(346)
Reclassifications	(16)	—	(16)	(95)	(111)
At 30 June 2015	5,292	1,028	6,320	1,093	7,413
Depreciation and amortisation					
At 1 July 2014	1,015	448	1,463	—	1,463
Charge for the year	716	173	889	68	957
Disposals	(8)	(229)	(237)	—	(237)
At 30 June 2015	1,723	392	2,115	68	2,183
Net book value					
At 30 June 2015	3,569	636	4,205	1,025	5,230
At 30 June 2014	3,757	621	4,378	7	4,385

16. INVESTMENT PROPERTY

Group valuation	2016 £'000	2015 £'000	2014 £'000
At beginning of year	45	179	228
Disposals	—	(134)	(49)
At end of year	45	45	179

The fair value of freehold investment property at 30 June 2016 has been arrived at using internal valuations carried out by the directors based upon previous valuations conducted by external chartered surveyors. If investment properties had not been revalued, they would have been included in the statement of financial position at £45,000 (2015: £45,000). Rental income of £12,000 on investment properties (2015: £20,000) has been included within note 8. Direct operating expenses of £15,000 arising from investment properties has been charged within administrative expenses (2015: £26,000).

17. INVESTMENTS

a) Listed and other investments

The Group held investments of £123,000 (2015 and 2014: £123,000) stated at the lower of cost and net realisable value. Of these investments, £13,000 were listed (2015 and 2014: £13,000).

b) Subsidiary undertakings

The Company held the following investments in subsidiary undertakings:

	2016 £'000	2015 £'000
At beginning of year	10,304	10,051
Additions	1,170	253
At end of year	11,474	10,304

17. INVESTMENTS (continued)

b) Subsidiary undertakings (continued)

The Company has the following subsidiaries, all of which are incorporated in Great Britain and are registered in England and Wales and operate throughout the United Kingdom:

	Shares and voting rights	Principal activities
Trading subsidiaries		
Auction Finance Limited	100%	Commercial lending
Blemain Finance Limited	100%	Retail lending
Bridging Finance Limited	100%	Commercial lending
Cheshire Mortgage Corporation Limited	100%	Retail lending
Harpmanor Limited	100%	Commercial lending
Jerrold FinCo plc	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Commercial lending
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Retail lending
Non-trading subsidiaries		
Briar Hill Court Limited	100%	Non-trading
FactFocus Limited	100%	Non-trading
General Allied Properties Limited	100%	Non-trading
Heywood Leasing Limited	100%	Non-trading
Heywood Finance Limited	100%	Non-trading
Monarch Recoveries Limited	100%	Non-trading
Supashow Limited	100%	Non-trading
Jerrold Mortgage Corporation Limited	100%	Non-trading
Dormant subsidiaries		
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property Limited	100%	Dormant
Proactive Bridging Limited	100%	Dormant
Proactive Lending Limited	100%	Dormant
Privileged Estates Limited	100%	Dormant
Provincial & Northern Properties Limited	100%	Dormant
Together Financial Services Limited (formerly Manchester Property Investments Limited)	100%	Dormant

The above are direct holdings with the exception of Spot Finance Limited which is held by Blemain Finance Limited. The dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006.

18. INVENTORIES

	2016 £'000	2015 £'000	2014 £'000
Properties held for resale	840	840	1,381

19. LOANS AND ADVANCES TO CUSTOMERS

	2016 £'000	2015 £'000	2014 £'000
Aggregate gross loans and advances	1,869,519	1,492,848	1,128,893
Less: allowances for impairment on loans and advances	(68,846)	(69,325)	(75,344)
	1,800,673	1,423,523	1,053,549

19. LOANS AND ADVANCES TO CUSTOMERS (continued)

	2016 £'000	2015 £'000	2014 £'000
Aggregate gross loans and advances are repayable:			
Due within one year	811,459	829,205	324,850
Due within 2-5 years	489,380	372,644	466,466
Due after 5 years	568,680	290,999	337,577
	1,869,519	1,492,848	1,128,893

	2016 £'000	2015 £'000
Allowance for impairment losses		
At beginning of year	(69,325)	(75,344)
Charges to the income statement	(15,994)	(8,228)
Unwind of discount	11,709	13,427
Write-offs net of recoveries	4,764	820
At end of year	(68,846)	(69,325)

	2016 £'000	2015 £'000
Impairment losses for year		
Charges to the income statement	(15,994)	(8,228)
Amounts written off	(131)	—
Amounts released from deferred income	2,048	—
Recoveries of amounts previously written off	311	729
	(13,766)	(7,499)

Loans and advances to customers include an amount of £300,000 (2015: £300,000) loaned to August Blake Developments Limited, £2,000,000 (2015: £3,200,000) loaned to Sunnywood Estates Limited, and £7,100,000 (2015: £9,000,000) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

20. TRADE AND OTHER RECEIVABLES

Group	2016 £'000	2015 £'000	2014 £'000
Amounts owed by related parties	76	35	44
Other debtors	80	167	142
Prepayments and accrued income	2,156	2,155	2,019
	2,312	2,357	2,205

Company	2016 £'000	2015 £'000	2014 £'000
Amounts owed by related parties	9	9	9
Amounts owed by Group undertakings	483,170	450,566	367,914
Prepayments and accrued income	42	—	—
	483,221	450,575	367,923

Amounts owed by related parties of the Group are in respect of Centrestand Limited, Charles Street Commercial Investments Limited, and Sterling Property Co. Limited, companies in which HN Moser is a director and shareholder (see note 27).

21. TRADE AND OTHER PAYABLES

Group	2016 £'000	2015 £'000	2014 £'000
Accruals and deferred income	27,641	25,691	19,492
Amounts owed to related parties	1	36	259
Trade creditors	1,261	1,326	1,320
Other creditors	2,294	3,313	3,425
Other taxation and social security	609	621	485
	31,806	30,987	24,981

Company	2016 £'000	2015 £'000	2014 £'000
Accruals and deferred income	8,546	9,200	7,708
Amounts owed to Group undertakings	308,551	309,078	199,883
Other creditors	1	1	1
	317,098	318,279	207,592

Amounts owed to related parties of the Group are in respect of Common Sense Lending Limited and Charles Street Commercial Investments Limited, companies in which HN Moser is a director and shareholder (see note 27).

22. DEFERRED TAX

Deferred taxation asset	2016 £'000	2015 £'000
At beginning of period	3,515	4,549
Credit/(charge) to income statement	2,441	(1,036)
Adjustment in respect of prior years	153	2
	6,109	3,515
Accelerated capital allowances	(279)	(223)
Short-term timing differences	6,388	3,738
	6,109	3,515

23. BORROWINGS

Group	2016 £'000	2015 £'000	2014 £'000
Bank loans	29,000	—	35,000
Loan notes	884,040	605,424	380,270
Shareholder notes	60,000	60,000	60,000
Senior secured notes	304,427	307,879	200,000
Obligations under finance leases	422	317	203
	1,277,889	973,620	675,473
Debt issue costs	(18,493)	(16,057)	(16,140)
Total borrowings	1,259,396	957,563	659,333
Of which:			
Due for settlement within 12 months	195	158	121
Due for settlement after 12 months	1,259,201	957,405	659,212
	1,259,396	957,563	659,333

23. BORROWINGS (continued)

Company	2016 £'000	2015 £'000	2014 £'000
Bank loans	29,000	—	35,000
Shareholder notes	60,000	60,000	60,000
	89,000	60,000	95,000
Debt issue costs	(285)	—	(1,975)
Total borrowings	88,715	60,000	93,025
Of which:			
Due for settlement within 12 months	—	—	—
Due for settlement after 12 months	88,715	60,000	93,025
	88,715	60,000	93,025

On 27 August 2015 the Group successfully refinanced its revolving credit facility (bank loans), securing funds of £18m, and on 11 January 2016 raised a further £11m thereby increasing the facility to £29m. The facility will run until August 2017.

The loan notes are provided through two revolving securitisation vehicles, Charles Street Conduit Asset Backed Securitisation 1 Limited (Charles Street ABS) established in 2007 and Lakeside Asset Backed Securitisation 1 Limited (Lakeside ABS). Each of the facilities is secured on specific loan assets. On 13 August 2015 the Company successfully completed a new £255m revolving securitisation programme, known as Lakeside ABS. The facility will run until August 2018 and will support the Group's commercial lending activity. On 7 March 2016, the Charles Street ABS facility ratings were re-confirmed as Aa2 by Moody's and AA by DBRS. The facility was further increased on 7 March 2016 from £675m to £1bn and the term extended to January 2021.

Of the shareholder notes, £40m is due to 'DL Moser Family Settlement Trust', £8m is due to HN Moser, £9.9m is due to Equistone Partners Europe Limited and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum.

In April 2015 Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) issued and closed an additional £100m of senior secured notes issued at a premium to par of 8.5%, taking the total notes in issue to £300m. The proceeds were used to reduce Jerrold Holdings Limited's syndicated loan facility to £nil from £80m drawn and the available commitments reduced to £25m from £100m.

Debt issue costs consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes which are being amortised over the expected duration of the facility or the term of the notes as appropriate. Borrowings have the following maturities:

As at 30 June 2016 Group	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	29,000	—	—	29,000
Loan notes	—	—	884,040	—	884,040
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	304,427	—	304,427
Finance leases	195	159	68	—	422
Debt issue costs	—	—	(18,493)	—	(18,493)
	195	29,159	1,170,042	60,000	1,259,396

As at 30 June 2016 Company	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	—	29,000	—	—	29,000
Shareholder notes	—	—	—	60,000	60,000
Debt issue costs	—	(285)	—	—	(285)
	—	28,715	—	60,000	88,715

23. BORROWINGS (continued)

As at 30 June 2015 **Group**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**	**Total** **£'000**
Bank loans	—	—	—	—	—
Loan notes	—	—	605,424	—	605,424
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	307,879	—	307,879
Finance leases	158	102	57	—	317
Debt issue costs	—	—	(16,057)	—	(16,057)
	158	102	897,303	60,000	957,563

As at 30 June 2015 **Company**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**	**Total** **£'000**
Shareholder notes	—	—	—	60,000	60,000

As at 30 June 2014 **Group**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**	**Total** **£'000**
Bank loans	—	35,000	—	—	35,000
Loan notes	—	—	380,270	—	380,270
Shareholder notes	—	—	—	60,000	60,000
Senior secured notes	—	—	200,000	—	200,000
Finance leases	121	69	13	—	203
Debt issue costs	—	(1,975)	(14,165)	—	(16,140)
	121	33,094	566,118	60,000	659,333

As at 30 June 2014 **Company**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**	**Total** **£'000**
Bank loans	—	35,000	—	—	35,000
Shareholder notes	—	—	—	60,000	60,000
Debt issue costs	—	(1,975)	—	—	(1,975)
	—	33,025	—	60,000	93,025

24. SHARE CAPITAL

Authorised	**2016** **£'000**	**2015** **£'000**	**2014** **£'000**
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
154,690 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	—
10,000 E ordinary shares of 1 penny each	—	—	—
22 A deferred ordinary shares of 0.1 pence each	—	—	—
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425	5,425
	10,001	10,001	10,000

24. SHARE CAPITAL (continued)

Issued, allotted and fully paid	2016 £'000	2015 £'000	2014 £'000
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
131,202 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	—
13 A deferred ordinary shares of 0.1 pence each	—	—	—
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203	5,203
	9,779	9,779	9,778

Details of the issuance of 100,000 D shares and authorisation of 10,000 E shares in the year to 30 June 2015 are set out in note 30.

25. FINANCIAL INSTRUMENTS AND FAIR VALUES

All the Group's financial assets and liabilities are held at amortised cost. The table below summarises the carrying value and the fair value of financial instruments as at the year end:

	2016		2015		2014	
Financial assets	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Listed investments	13	13	13	13	13	13
Loans and advances to customers	1,800,673	1,873,862	1,423,523	1,454,527	1,053,549	1,122,583
Amounts owed by related parties	76	76	35	35	44	44
Other debtors	80	80	167	167	142	142
Cash and cash equivalents	546	546	2,772	2,772	6,849	6,849
	1,801,388	1,874,577	1,426,510	1,457,514	1,060,597	1,129,631

	2016		2015		2014	
Financial liabilities	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Borrowings	1,259,396	1,333,223	957,563	1,055,388	659,333	732,726
Amounts owed to related parties	1	1	36	36	259	259
Trade creditors	1,261	1,261	1,326	1,326	1,320	1,320
Other creditors	2,294	2,294	3,313	3,313	3,425	3,425
Other taxation and social security	609	609	621	621	485	485
	1,263,561	1,337,388	962,859	1,060,684	664,822	738,215

The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers and for borrowings. For loans and advances to customers and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of financial assets is adjusted for future losses if considered material.

The following tables analyse the fair values of loans and advances and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Measurements derived from observable data, such as market prices or rates;

25. FINANCIAL INSTRUMENTS AND FAIR VALUES (continued)

Level 3: Measurements rely on significant inputs not based on observable market data

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2016				
Financial assets				
Loans and advances to customers	—	—	1,873,862	1,873,862
Financial liabilities				
Borrowings	308,250	982,014	42,959	1,333,223
2015				
Financial assets				
Loans and advances to customers	—	—	1,454,527	1,454,527
Financial liabilities				
Borrowings	336,564	677,144	41,679	1,055,388
2014				
Financial assets				
Loans and advances to customers	—	—	1,122,583	1,122,583
Financial liabilities				
Borrowings	218,000	475,724	39,001	732,726

Loans and advances to customers are revalued to fair value based on future interest cash flows (at funding rates) and principal cash flows discounted using the rate for new originations of mortgages with similar characteristics. This rate is assumed to encompass the time value of money, plus a risk premium to account for the inherent uncertainty in the timing and amount of future cash flows arising from mortgage assets.

Forecast principal repayments are based on redemption at maturity with overlay for historical behavioural experience to take account of expected prepayment. The eventual timing of future cash flows may be different from the forecast due to unpredictable customer behaviour.

The fair value of loans and advances to customers in total is 4% higher than the carrying value as at 30 June 2016. This is primarily due to the current origination rates used to discount future cash flows being below customer interest rates. A 1% increase in the discount rate would result in a reduction in the fair value of loans and advances to customers of £67m and 1% decrease would result in an increase of £58m.

The borrowings stated at fair value in level 3 represent shareholder notes. Market prices are not available for these instruments, and market prices for quoted subordinated instruments are not suitable as they do not reflect the relationship of the shareholders to the Group.

The estimated fair value of these instruments has been based on future interest cash flows (at funding rates) and principal cash flows, discounted at 10% over bank base rate. This rate is based on management's judgment that the instruments are near-equity in nature. A 1% reduction in the discount rate would result in an increase in the carrying value of approximately £0.6m and 1% increase in the rate would result in a decrease of approximately £3.1m.

26. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH OUTFLOW FROM OPERATIONS

Group	**2016 £'000**	**2015 £'000**
Profit after tax	71,768	58,747
Adjustments for:		
Taxation	18,561	16,017
Depreciation and amortisation	1,379	957
Share-based payment	1,170	—
Loss on disposal of property, plant and equipment	14	13
Profit on sale of investment properties	—	(37)
Negative goodwill	—	(122)
Interest expense	67,547	52,289
	160,439	127,864
Increase in loan book	(377,150)	(369,974)
Increase in prepayments	(1)	(136)
Decrease/(increase) in other debtors and amounts owed by related parties	46	(16)
Increase in equity for share-based payments	(1,170)	—
Decrease in inventories	—	541
Increase in accruals	3,127	3,429
(Decrease)/increase in trade creditors	(65)	6
Decrease in other creditors, amounts owed to related parties and taxation and social security	(1,066)	(199)
	(376,279)	(366,349)
Cash outflow from operations	(215,840)	(238,485)

Company	**2016 £'000**	**2015 £'000**
Profit after tax	2,565	122
Adjustments for:		
Dividends received	(2,565)	—
Negative goodwill	—	(122)
Interest expense	37,436	33,879
	37,436	33,879
Increase in prepayments	(42)	—
Inter-group recharges and treasury transfers	(30,980)	28,436
	(31,022)	28,436
Cash inflow from operations	6,414	62,315

27. RELATED PARTY TRANSACTIONS

Companies owned by HN Moser and the Moser family are deemed to be related parties. The following balances with related parties existed at the year end:

Balances due to the Group	**2016 £'000**	**2015 £'000**	**2014 £'000**
Centrestand Limited	22	14	25
Charles Street Commercial Investments Limited	37	1	2
Sterling Property Co. Limited	17	20	17
	76	35	44

Balances due from the Group	**2016 £'000**	**2015 £'000**	**2014 £'000**
Common Sense Lending Limited (formerly Sproston Green Limited)	—	7	7
Charles Street Commercial Investments Limited	1	29	252
	1	36	259

27. RELATED PARTY TRANSACTIONS (continued)

Group transactions with related parties during the year were:

	2016 £'000	2015 £'000
Bracken House Properties LLP		
Operating lease costs – land and buildings due to Bracken House Properties LLP	1,046	1,055
Insurance costs due to Bracken House Properties LLP	25	25
Payments from the Group to Bracken House Properties LLP	(802)	(1,071)
Charles Street Commercial Investments Limited		
Amounts received/(paid) by the Group relating to Charles Street Commercial Investments Limited	68	(221)
Centrestand Limited		
Service charges and costs paid on behalf of Centrestand Limited	8	8
Sterling Property Co. Limited		
Property management fees paid by the Group to Sterling Property Co. Limited	(3)	—
Common Sense Lending Limited		
Write back of amounts owed to Common Sense Lending Limited	7	—
	349	(204)

Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.

Operating lease costs and insurance costs are paid to Bracken House Properties LLP on a prepaid basis. The future amounts payable under operating leases are as follows:

	2016 £'000	2015 £'000	2014 £'000
Within one year	1,070	1,094	1,094
Between one and five years	4,270	4,376	4,376
After five years	5,884	7,110	8,204
	11,224	12,580	13,674

28. CONTINGENT LIABILITIES

As at 30 June 2016 the Company's assets were subject to a fixed and floating charge in respect of £29m of bank borrowings of the Group (2015: £nil) and £300m in respect of senior secured notes (2015: £300m).

29. PENSION ARRANGEMENTS

The Group operated a defined contribution scheme for which the pension costs charge for the year amounted to £nil (2015: £nil).

During the year the Group contributed to employees' personal pension plans. The total cost for the year amounted to £335,000 (2015: £434,000).

30. SHARE-BASED PAYMENTS

In January 2015 100,000 D shares were issued to senior management. In addition options were granted to senior management over 10,000 E shares. The ability to dispose of such shares and execute such options are conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital, the value of which are dependent upon the amount of share capital sold and the value of the Company at the time. Such awards are treated as equity settled by virtue of where the obligation rests on such awards being realised.

The fair value of the D share and E share options, which due to their nature are treated as a single instrument, has been derived using a Black Scholes model. In ascertaining the fair value certain assumptions have been made as to the estimated timing of when such shares and options are likely to realise with the fair value being charged to the income statement over the expected vesting period, which is to be re-assessed annually.

30. SHARE-BASED PAYMENTS (continued)

In deriving the fair value a risk free rate of 0.48% has been applied with assumed volatility of 25%. The risk free rate of return has been calculated by reference to the Treasury coupon yield achievable at the time of granting the awards which has a maturity date close to that of the expected life of the awards. The expected volatility has been calculated by reference to the average experienced volatility of a selected peer set of listed companies, based upon the annualised standard deviation of daily share price movements over a period corresponding with the expected life of the awards.

Whilst the Company is the issuer of the awards the benefit arises in Blemain Finance Limited ("BFL"), a subsidiary of Jerrold Holdings. As such the charge is applied to the income statement of BFL, whose results are consolidated into the Jerrold Holdings consolidated income statement. During the current financial year £1.17 million has been recognised to the income statement.

31. CONTROLLING PARTY

Mr HN Moser, a director of Jerrold Holdings Limited, and members of his close family, control the Company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.

32. IFRS RECONCILIATIONS

The Group previously prepared its primary financial statements under UK GAAP, which differs in certain significant respects from IFRSs.

The statements of financial position below show the adjustments made on transition from UK GAAP to IFRS for the Group. No adjustments arose for the Company.

32. IFRS RECONCILIATIONS (continued)

(i) As at date of transition to IFRS – 1 July 2014

	Note	UK GAAP (as previously reported) £'000	Effect of transition to IFRSs £'000	Opening statement of financial position £'000
NON-CURRENT ASSETS				
Property, plant and equipment	(v)c	4,385	(7)	4,378
Intangible assets	(v)c	—	7	7
Investment property		179	—	179
Investments		123	—	123
Deferred tax asset		—	4,549	4,549
		4,687	4,549	9,236
CURRENT ASSETS				
Inventories		1,381	—	1,381
Loans and advances to customers	(v)a, (v)b	1,076,218	(22,669)	1,053,549
Trade and other receivables	(v)a, (v)b	2,433	(228)	2,205
Cash at bank and in hand		6,849	—	6,849
		1,086,881	(22,897)	1,063,984
TOTAL ASSETS		1,091,568	(18,348)	1,073,220
CURRENT LIABILITIES				
Trade and other payables		(24,981)	—	(24,981)
Current tax liabilities		(5,412)	—	(5,412)
Borrowings		(121)	—	(121)
		(30,514)	—	(30,514)
NET CURRENT ASSETS		1,056,367	(22,898)	1,033,470
NON-CURRENT LIABILITIES				
Borrowings		(659,212)	—	(659,212)
Deferred tax liabilities		(30)	30	—
		(659,242)	30	(659,212)
TOTAL LIABILITIES		(689,756)	30	(689,726)
NET ASSETS		401,812	(18,318)	383,494
EQUITY				
Share capital		9,778	—	9,778
Share premium account		17,527	—	17,527
Merger reserve		(9,645)	—	(9,645)
Capital redemption reserve		1,300	—	1,300
Revaluation reserve		21	—	21
Retained earnings	(v)a, (v)b	382,578	(18,318)	364,260
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		401,559	(18,318)	383,241
NON-CONTROLLING INTERESTS		253	—	253
TOTAL EQUITY		401,812	(18,318)	383,494

32. IFRS RECONCILIATIONS (continued)

(ii) Following date of transition to IFRS – 30 June 2015

	Note	UK GAAP (as previously reported) £'000	Effect of transition to IFRSs £'000	IFRS statement of financial position £'000
NON-CURRENT ASSETS				
Property, plant and equipment	(v)c	5,230	(1,025)	4,205
Intangible assets	(v)c	—	1,025	1,025
Investment property		45	—	45
Investments		123	—	123
Deferred tax asset		—	3,515	3,515
		5,398	3,515	8,913
CURRENT ASSETS				
Inventories		840	—	840
Loans and advances to customers	(v)a, (v)b	1,441,635	(18,112)	1,423,523
Trade and other receivables	(v)a, (v)b	2,480	(123)	2,357
Cash at bank and in hand		2,772	—	2,772
		1,447,727	(18,235)	1,429,492
TOTAL ASSETS		1,453,125	(14,720)	1,438,405
CURRENT LIABILITIES				
Trade and other payables		(30,987)	—	(30,987)
Current tax liabilities		(7,866)	—	(7,866)
Borrowings		(158)	—	(158)
		(39,011)	—	(39,011)
NET CURRENT ASSETS		1,408,716	(18,235)	1,390,481
NON-CURRENT LIABILITIES				
Borrowings		(957,365)	(40)	(957,405)
Deferred tax liabilities		(125)	125	—
		(957,490)	85	(957,405)
TOTAL LIABILITIES		(996,501)	85	(996,416)
NET ASSETS		456,624	(14,635)	441,989
EQUITY				
Share capital		9,779	—	9,779
Share premium account		17,527	—	17,527
Merger reserve		(9,645)	—	(9,645)
Capital redemption reserve		1,300	—	1,300
Retained earnings	(v)a, (v)b	437,663	(14,635)	423,028
TOTAL EQUITY		456,624	(14,635)	441,989

32. IFRS RECONCILIATIONS (continued)

(iii) Reconciliation of profit or loss on transition to IFRS

The profit reported under UK GAAP for the year ended 30 June 2015 reconciles to that under IFRS as follows:

	£'000	£'000
As previously reported under UK GAAP		55,063
Measurement of financial instruments at amortised cost using EIR method	12,974	
Calculation of impairment provisions in accordance with IAS 39	(8,351)	
	4,623	
Tax effect on the above	(939)	
Total adjustments to profit or loss		3,684
Total profit under IFRS		58,747

(iv) Effect of IFRS adoption for statement of cash flows

The Group previously prepared its statement of cash flows in accordance with UK Financial Reporting Statement 1 'Cash Flow Statements'. Its objectives and principles are similar to those set out in IAS 7 'Statement of Cash Flows', the standard under IFRS dealing with cash flow statements.

Under UK GAAP, the Group presented its cash flows by operating activities; returns on investments and servicing of finance; taxation; capital expenditure and financial investment; and financing. Under IFRS, only three categories are required. These are operating, investing and financing.

(v) Notes to the reconciliations

a) Accounting for interest income and expense using the effective interest rate method ("EIR") – previously under UK GAAP, fee income and expenses directly attributable to the origination of financial assets were recognised on origination. Additionally, 'suspended' interest income on financial assets considered unrecoverable was not recognised. Under IFRS, fees and expenses relating to the origination of financial assets are included in the EIR over the expected lives of the assets. Income is no longer suspended but recognised at the EIR on the carrying value of the impaired financial asset.

   Financial assets and liabilities held at amortised cost under IFRS include the amount of any cumulative amortisation, calculated using the EIR method, of any fees and costs which are included as part of interest income or expense under EIR.

b) Impairment of financial assets – the principal difference in the measurement of impairment allowances on the Group's loans and advances to customers under IFRS is that the estimated future cash flows used to determine the allowances are discounted at the loans' original EIRs, while under UK GAAP the future cash flows are undiscounted. The additional initial allowances recognised under IFRS represented by the discount are then unwound as additional interest income over the period that the future cash flows are realised.

c) Computer systems – under UK GAAP these costs were capitalised with computer hardware as tangible fixed assets; under IFRS they are required to be reclassified as intangible assets.

(vi) The transition to IFRS has resulted in the following changes in accounting policies:

a) Interest income was previously recognised in the income statement using the contractual rate of the loan to the extent that it was considered recoverable. Under IFRS interest income is now recognised using the EIR method on the unimpaired carrying value.

b) Internally developed computer systems costs were previously recognised as a tangible fixed asset and depreciated on a straight line basis over their useful economic lives. The policy is now that these costs are capitalised as intangible assets and amortised over their useful economic lives.

32. IFRS RECONCILIATIONS (continued)

(vi) The transition to IFRS has resulted in the following changes in accounting policies: (continued)

c) In accordance with IAS 39, all the Group's financial assets are classified as loans and receivables.

d) The Group's policy for providing for loan losses has changed. The most significant change is that impairment allowances on financial assets are calculated as the difference between the carrying amount (including the income now recognised in point "(v)b" (above) and the present value of estimated future cash flows discounted using the asset's EIR.

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Jerrold FinCo plc

£150,000,000 6⅛% Senior Secured Notes due 2024

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