Together Financial Services Limited
Full Year 2018 Results

Company Registration No. 02939389

Content

Highlights

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading specialist secured lenders, is pleased to announce its results for the year ended June 30, 2018.

Commenting on today's results, Mike McTighe, Group Chairman of Together, said:

"Together delivered another strong performance during the year, achieving record lending volumes and profits while continuing to enhance our operating platform to support our future growth."

"Annual loan originations were up 40.0% to £1.7bn, including our highest ever month of lending of £169.2m in June, while we maintained a conservative loan-to-value on originations of 58.0% as we grew the loan book to a new high of £3.0bn. The Group remained highly profitable and cash generative, delivering a record profit before tax of £121.7m and cash receipts of £1.2bn. We extended our distribution reach by launching into the extensive UK retail broker networks and mortgage clubs, and we continued to invest to build a bigger and better business, increasing our total number of colleagues by over 100, including a number of senior appointments across the Group."

"We also added further depth and diversity to our funding structures, issuing our first public residential mortgage backed securitisation for £275m, upsizing our 2024 bonds with a successful £150m issuance, extending our £255m Lakeside securitisation on improved terms and launching our inaugural £525m Highfield warehouse facility for small balance commercial real estate. The Group's continued progress was reflected in rating upgrades from both S&P and Fitch."

"The UK's economic performance remains mixed, as continued uncertainty from Brexit negotiations caused the value of sterling to fall leading to an increase in the cost of imports. This, combined with signs of wage inflation, as employment reached its highest levels since the early 1970s, led to the Bank of England raising the base rate for the first time in a decade. While prices for prime London properties have continued to fall, the property market in the rest of the UK has remained strong. Despite these uncertainties, we continue to see increasing demand for our tailored products, speed of response and personalised approach to underwriting and, with the investment we are making in our platform, we believe Together remains well placed to deliver on our ambitious growth plans."

- **Strong growth in loan book to £3.0bn, driven by record lending volumes at conservative LTVs**
  - Loan book at £3.0bn, up 32.0% (2017: £2.2bn).
  - Average monthly loan originations up 40.0% to £138.3m (2017: £98.8m).
  - Group weighted average LTV of new originations during 2018 remained conservative at 58.0% (2017: 57.1%).
  - Net impairment charge at £11.4m for the year, representing 0.43% of the average total loan assets[(1)] (2017: £7.4m, 0.36%).
- **Increased interest receivable and cash generation**
  - Interest receivable and similar income up 18.6% at £292.2m (2017: £246.5m), driven by interest earned on increased loan book levels.
  - Group remains highly cash generative with cash receipts of £1.2bn (2017: £1.0bn).
- **Continued growth in profits**
  - EBITDA on a statutory basis up 18.4% to £219.2m (2017: £185.2m). Underlying EBITDA up 13.3% to £219.2m (2017: £193.4m).
  - Profit before tax on a statutory basis grew 29.2% to £121.7m compared with £94.1m for the year to June 30, 2017. (The underlying profit before tax for last year, excluding one-off refinancing and transaction costs, was £117.1m).

[(1)] Average total loan assets before impairment allowances calculated as simple average of opening and closing balance

Highlights (continued)

Further depth and diversity added to funding platform

- Issuance of first public residential mortgage backed securitisation, for £275m in September 2017.
- £255m Lakeside ABS facility extended on favourable terms in January 2018.
- £150m issuance of 2024 bonds successfully completed in January 2018.
- Ratings upgrades from S&P and Fitch.
- Momentum maintained with increase in revolving credit facility from £57.5m to £71.9m in April 2018.
- On June 27, 2018, the Group completed a new £525m commercial real estate warehouse facility via the special purpose vehicle Highfield Asset Backed Securitisation 1 Limited ("Highfield ABS").

	2018 (£m)	**2017 (£m)**
Profit before taxation (£m)	121.7	94.1
Underlying profit before taxation (£m) (2)	121.7	117.1
Impairment charge (£m)	11.4	7.4
Loans and advances to customers (£m)	2,958.2	2,240.9
Shareholder funds (£m)(3)	737.0	651.6

(2) Underlying PBT excludes one-off refinancing and transaction costs of £nil in 2018 (2017: £23.0m).

(3) Includes shareholder loans and notes of £25.1m (2017: £23.2m).

An Introduction to Together Financial Services Limited

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 44-year history. We focus on low loan-to-value ("LTV") lending and offer retail and commercial-purpose mortgage loans. Our loans include secured first and second-lien loans, of which 68.0% are secured on residential properties, with the balance secured on commercial and semi-commercial properties all within the United Kingdom. We specialise in offering individually underwritten loans to underserved market segments, thereby minimising competition from retail ("high street") banks and other lenders. We offer our loans through one consistent brand 'Together' and distribute them through brokers, professional firms, auction houses and through our direct sales team. We originate and service all our mortgage loans directly.

As of June 30, 2018, 31.5% of our loan portfolio was classified as retail purpose, 62.9% as commercial purpose (which included 21.5% of buy to let) and 5.6% of the loan portfolio was classified as development funding, all 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 report. Retail-purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since June 2016 also includes "consumer buy-to-let" loans ("CBTL"). Our retail purpose loans also include regulated bridging loans. We classify mortgages as for "commercial purpose" where a loan is not defined as retail purpose or is a development loan. Commercial-purpose loans include loans on which the proceeds of the loan or the property securing the loan is used for business purposes. Our classification of a mortgage as either retail or commercial-purpose is unrelated to the collateral securing it.

Our underwriting process consists of a detailed and individualised credit, affordability and repayment assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms, the repayment strategy, where the loan will not be repaid from instalments, 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 authorisation controls, a staff training and competency program and quality-assurance sampling procedures.

The LTV of our loan portfolio on a weighted average indexed basis as of June 30, 2018, was 55.3% and the LTV on a weighted-average basis of new loans underwritten by us in the year ended June 30, 2018 was 58.0%. As of June 30, 2018, 93.5% of our total loan portfolio and 88.8% of the Borrower Group [(4)] loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of lending at conservative LTV levels, has provided us with significant protection in times of falling house prices and economic downturns, thereby minimising our levels of provisions and losses.

[(4)] See Structure diagram on p.17 for definition of Borrower Group

Presentation of Financial and Other Information

Financial Statements

This annual report presents the set of audited consolidated financial statements of Together Financial Services Limited as of and for the twelve months ended June 30, 2018 with comparatives to June 30, 2017. The consolidated financial statements of Together Financial Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), are independently audited and are derived from internal management reporting.

As at June 30, 2018 the Group's assets were subject to a fixed and floating charge in respect of £725m senior secured notes, and £30.7m drawn in respect of revolving credit facility (£71.9 facility available).

The only notable commitment, not recognised within our statements of financial position, is the operating lease we hold for our head office building.

During the period, the Group had transactions with related parties. Details of these transactions can be found in Note 25 of the audited consolidated financial statements in this report.

We have not included financial information prepared in accordance with FRS 102 or US GAAP. IFRS differs in certain significant respects from FRS 102 and US GAAP. You should consult your own professional advisors for an understanding of the differences between IFRS, FRS 102 and US GAAP and how those differences could affect the financial information contained in this annual report.

Charles Street Conduit Asset Backed Securitisation 1 Limited ("Charles Street ABS"), Lakeside Asset Backed Securitisation 1 Limited ("Lakeside ABS"), Delta Asset Backed Securitisation 1 Limited ("Delta ABS"), Together Asset Backed Securitisation 1 PLC ("Together ABS") and Highfield Asset Backed Securitisation 1 Limited ("Highfield ABS"), the bankruptcy-remote special purpose vehicles established for purposes of our secured borrowings, are consolidated into our audited consolidated financial statements in accordance with *IFRS 10 Consolidated Financial Statements*. Mortgage loans sold to Charles Street ABS, Lakeside ABS, Delta ABS, Together ABS and Highfield ABS are maintained on our consolidated statement of financial position as assets, within loans and advances to customers and the associated interest receivable credited to our consolidated income statement. The loan notes issued by Charles Street ABS, Lakeside ABS, Delta ABS, Together ABS and Highfield ABS to certain lenders, to finance the purchase of the loans and any interest and fees accrued on the loan notes but not yet paid in respect thereof, are maintained on our statement of financial position as liabilities due to creditors with interest and debt issuance costs expensed through our income statement.

The subordinated shareholder loans were initially recognised at fair value. As the instruments are interest-free rather than at market rates, their fair values differ from their nominal amounts and are 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. The receipt of an interest-free loan is an economic benefit and, because this benefit has been provided by the Company's parent, it is initially credited to non-distributable reserves as a capital contribution. As the loan approaches maturity the increase in its amortised cost is charged to income with a corresponding transfer to reduce the related non-distributable reserve and increase in distributable reserves.

Other Financial Information (Non-IFRS)

All key performance measures shown in this document are calculated using underlying figures, not the rounded numbers.

We have included in this annual report and related presentation, certain financial measures and ratios, including EBITDA, EBITDA margin and certain leverage and coverage ratios that are not presented in accordance with IFRS.

In this report and related presentation, references to EBITDA for the year ended June 30, 2017 and 2018 for Together Financial Services Limited, can be extracted from the audited consolidated financial statements of Together Financial Services Limited, by taking profit after taxation and adding back interest payable and similar charges, tax on profit, depreciation and amortisation. EBITDA margin is calculated as EBITDA divided by the sum of interest receivable and similar income and fee and commission income.

We are not presenting EBITDA-based measures as measures of our results of operations. EBITDA-based measures have important limitations as an

Presentation of Financial and Other Information (continued)

Other Financial Information (Non-IFRS) (continued)

analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Management believes that the presentation of EBITDA-based measures is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

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

Terms Relating to Our Loan Analysis

With the exception of the application of certain limited forbearance measures, we do not reschedule our loans by capitalising arrears. In this report and related presentation, arrears data are based on the original contractual position, using actual cash received to identify performing and non-performing arrears loans, and do not take into account either payment plans or agreed changes to payment dates.

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

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

In this report and related presentation, data referring to our loan portfolio analysis is in reference to our core operating subsidiaries: Auction Finance Limited, Blemain Finance Limited, Bridging Finance Limited, Harpmanor Limited, Together Personal Finance Limited and Together Commercial Finance Limited, which represent 99.9% of our total loan book balances by value as of June 30, 2018. Data referring to our loan portfolio analysis are presented after allowances for impairments and before certain accounting adjustments required to comply with the income recognition requirements of IFRS.

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

In this report and related presentation, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding, (ii) accrued interest and fees and (iii) net of any allowances for impairments, 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, (ii) accrued interest and fees and (iii) net of any allowances for impairments, 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 impairments, in respect of such loans. Our loan analysis excludes loans with carrying values of nil for which full provisions are in place. Our provisions analysis also excludes allowances for impairment in respect of loans for which the carrying value is nil after impairment.

In this report and related presentation, 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 provisions for impairments and fees and commissions spread over the behavioural life of the loan.

In this report and related presentation, the term "second-lien loans" includes second-lien loans and also subsequent-lien loans.

The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property, (iii) the accrued interest and fees thereon and (iv) net of allowances for impairments compared with the latest appraised value of the property securing the loan. The appraised value of real property is the opinion of a qualified appraiser, 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.

Terms Relating to Our Loan Analysis (continued)

In this report and related presentation, the average LTV of our loan portfolio is calculated on a "weighted average basis," 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.

Key Performance Indicators

The following table summarises key financial data and key performance indicators as of the dates and for the periods indicated.

(£m, except for percentages and ratios or unless otherwise noted)	12 months ended or as at June 30, 2018	2017
Group		
Interest receivable and similar income	292.2	246.5
Fee and commission income	4.7	4.2
Other income	0.4	0.1
Total income	**297.3**	**250.8**
Underlying NIM[(1)]	7.7%	8.5%[(2)]
Impairment charge	(11.4)	(7.4)
EBITDA	219.2	185.2
EBITDA margin	73.8%	73.9%
Underlying EBITDA	219.2	193.4[(3)]
Underlying EBITDA margin	73.8%	77.1%[(3)]
Profit on ordinary activities before tax	121.7	94.1
Underlying profit before tax	121.7	117.1[(2)]
Supplemental cash flow information:		
Cash receipts	1,248.3	1,000.9
New advances	1,660.1	1,185.4
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.4%	57.1%
LTV of loan portfolio (on a weighted average indexed basis)	55.3%	53.4%
Borrower Group		
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	58.7%	58.3%
LTV of loan portfolio (on a weighted average indexed basis)	58.8%	57.1%

(1) Calculated as net interest income as a percentage of average of opening and closing total loan assets.

(2) Calculated on an underlying basis, which excludes £14.8m incurred in relation to refinancing senior secured notes and £8.2m relating to the Exit Transactions, which were described in the report for the year-end June 30, 2017.

(3) Calculated on an underlying basis, which excludes £8.2m relating to the Exit Transactions as above.

For definitions please see sections: "Terms Relating to our Loan Analysis".

The key performance indicators above for the year ended June 30, 2018 have been derived from audited financial statements and management information. In the opinion of management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods and have been prepared in accordance with IFRS. The financial information should be read in conjunction with the Annual Report and Consolidated Financial Statements of Together Financial Services Limited and the accounting policies described therein as at June 30, 2018.

Operating Review

The section below provides a more detailed overview of performance in relation to a number of the key metrics that management use when assessing the performance of the business.

Continued focus on prudent underwriting policies, LTVs and traditional security

During the period to June 30, 2018 the Group has continued to focus on prudent underwriting policies and LTVs, as well as traditional security such as residential housing stock, in providing its mortgage loans. We continue to target an average of origination LTVs of between 50% and 60% for new loans and continue to focus principally on residential security. The Group has continued to use affordability and repayment assessments to ensure our customers are able to service and repay their loans.

An analysis the loan portfolio as at June 30, 2018, and June 30, 2017 by arrears banding, for the Group and Borrower Group is as follows:

	Group Loan Portfolio Arrears Analysis		Borrower Group Loan Portfolio Arrears Analysis	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
Nil Arrears & Arrears ≤ 1 month	**86.4%**	**85.7%**	**68.2%**	**69.3%**
Performing Arrears				
1-3 months	3.2%	4.0%	4.2%	4.7%
3-6 months	0.6%	0.1%	1.6%	0.2%
>6 months	0.6%	0.1%	1.7%	0.4%
Total Performing Arrears	**4.4%**	**4.2%**	**7.5%**	**5.3%**
Non-Performing Arrears				
3-6 months	0.7%	1.6%	1.4%	3.3%
>6 months	1.1%	1.6%	3.2%	4.2%
Past due (term loans)	0.5%	0.7%	1.2%	1.8%
LPA Rent	0.3%	0.1%	0.6%	0.1%
Total Non-Performing Arrears	**2.6%**	**4.0%**	**6.4%**	**9.4%**
Development Loans	**5.6%**	**4.5%**	**15.1%**	**11.9%**
Repossessions	**1.0%**	**1.6%**	**2.8%**	**4.1%**
Total	**100%**	**100%**	**100%**	**100%**

An analysis of our loan portfolio as at June 30, 2018, by indexed and origination LTV banding, for the Group and borrower Group is as follows:

Group Loan Portfolio Indexed LTV Analysis (£m)	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	1,616.6	38.1	39.6	10.3	1,704.6
>60% <=85%	1,053.4	35.9	89.2	12.0	1,190.5
>85% <=100%	16.2	2.9	34.6	7.5	61.2
>100%	11.1	0.1	1.9	-	13.1
Total	**2,697.3**	**77.0**	**165.3**	**29.8**	**2,969.4**

Borrower Group Loan Portfolio Indexed LTV Analysis (£m)	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	444.6	31.2	39.6	10.1	525.5
>60% <=85%	335.4	30.9	82.7	11.7	460.7
>85% <=100%	10.6	2.9	34.6	7.5	55.6
>100%	6.4	0.1	1.9	0.1	8.5
Total	**797.0**	**65.1**	**158.8**	**29.4**	**1,050.3**

Operating Review (continued)

Group Loan Portfolio Origination LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	1,384.3	37.6	97.5	8.3	1,527.7
>60%<=85%	1,288.8	33.2	48.5	20.8	1,391.3
>85%<=100%	18.4	2.3	11.2	0.2	32.1
>100%	5.8	3.9	8.1	0.5	18.3
Total	**2,697.3**	**77.0**	**165.3**	**29.8**	**2,969.4**

Borrower Group Loan Portfolio Origination LTV Analysis (£m)	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	391.6	30.3	91.6	8.2	521.7
>60%<=85%	387.3	28.6	47.9	20.5	484.3
>85%<=100%	12.3	2.3	11.2	0.2	26.0
>100%	5.8	3.9	8.1	0.5	18.3
Total	**797.0**	**65.1**	**158.8**	**29.4**	**1,050.3**

The indexed weighted-average LTV of the loan portfolio for the total Group at June 30, 2018 is 55.3% compared with the prior year of 53.4% at June 30, 2017.

The indexed weighted-average LTV of the loan portfolio for the borrower Group at June 30, 2018 is 58.8% compared with the prior year of 57.1% at June 30, 2017.

Maintenance of loan portfolio mix and continued differentiation of our offerings

We aim to maintain a diversified loan portfolio mix between retail purpose and commercial purpose lending and security types over the medium term.

As at June 30, 2018, 31.5% of our loan portfolio was classified as retail-purpose, 62.9% of our loan portfolio was classified as commercial-purpose (which included 21.5% of buy to let) and 5.6% of our loan portfolio was classified as development funding, calculated by value. At June 30, 2017, 33.4% of our loan portfolio was classified as retail purpose, 62.1% of our loan portfolio was classified as commercial purpose and 4.5% of our loan portfolio was classified as development funding.

The proportion of our loan portfolio secured by residential security by value has decreased to 68.0% as at June 30, 2018, when compared to 74.8% as at June 30, 2017.

The proportion of our loan portfolio secured on first charges has increased to 67.8% as at June 30, 2018, compared with 61.2% as at June 30, 2017.

Controlled growth of our loan portfolio

We have continued to grow our loan portfolio using our well established distribution channels across the United Kingdom. We continue to focus on products and customer groups that are underserved by mainstream lenders.

In the year to June 30, 2018, including further advances, we have funded an average of £138.3m per month compared with £98.8m per month in the year to June 30, 2017.

Our total loan assets stand at £2,958.2m as at June 30, 2018, compared with £2,240.9m as at June 30, 2017, representing less than 1.0% of the total mortgage market.

We intend to continue to grow our loan portfolio in a controlled manner, ensuring the quality of new loans is of an acceptable standard.

Financial Review

Total income has increased 18.5% to £297.3m for the year to 30 June 2018 (30 June 2017: £250.8m). Net interest margin decreased to 7.7% from 7.8% last year (8.5% on an underlying basis). This reflects the redemption of older loans earning higher yields originated prior to and during the credit crisis, and a degree of margin compression on new lending as we grow our loan portfolio. These effects are partially offset by the lower margin on facilities we continue to achieve on refinancing of our borrowings.

The net impairment charge for the year of £11.4m (2017: £7.4m) represented 0.43% of the average total loan assets[(4)] before impairment allowances, (2017: 0.36%). Whilst the charge has increased slightly on the prior year (relative to loan book size) this is from a very low level and the proportion of loans that are classified as non-performing has fallen from 4.0% of the book to 2.6% as at 30 June 2018.

The underlying interest cover ratio, being the ratio of earnings before interest, tax, depreciation and amortisation (EBITDA) to interest expense and similar charges, was 2.4:1 for the year to 30 June 2018, down from 2.5:1 for the prior year (2.6:1 on an underlying basis). The decrease was due to increased lending being funded by increased levels of external borrowing, but cover remains improved on earlier years. Underlying EBITDA for the year to 30 June 2018 is up 13.3% to £219.2m (2017: £193.4m).

Profit before tax has increased to £121.7m for the year to June 30, 2018 compared with £94.1m (underlying £117.1m) in the year to June 30, 2017.

The Group continues to be highly cash generative, with cash receipts of £1,248.3m compared with cash debt service of £78.0m and other cash expense payments of £93.5m for the year to June 30, 2018. This compares with cash receipts of £1,000.9m, cash debt service of £78.6m (underlying £63.8m) and other cash payments of £88.8m (underlying £84.6m) for the year to June 30, 2017.

During the year the Group has increased and diversified its funding. On September 26, 2017, the Group announced the completion of a £275m residential mortgage-backed securitisation via the special purpose vehicle Together ABS. On January 10, 2018, the Group announced the refinancing of the special purpose vehicle Lakeside Asset Backed Securitisation 1 Limited extending its maturity to 2021 on favourable commercial terms. On January 31, 2018, a subsidiary of the Company, Jerrold Finco PLC, completed the issuance of an additional £150m of 6⅛% senior secured notes due 2024. On April 27, 2018, the Group's revolving credit facility was increased from £57.5m to £71.9m. All other terms under the facility remain substantially unchanged. On June 27, 2018, the Group completed a £525m commercial real estate warehouse facility via the special purpose vehicle Highfield Asset Backed Securitisation 1 Limited.

[(4)] Average total loan assets calculated as simple average of opening and closing balance

Recent Developments

Trading Update

We had a record month for originations in June 2018, with total originations of £169.2m.

We originated an average of £134.9m of loans in July and August 2018, compared to a monthly average of £120.5m in July and August 2017.

IFRS 9 Financial Instruments

The Group will be required to adopt IFRS 9 *Financial Instruments* for reporting periods beginning on or after July 1, 2018, which will impact the Group's classification, measurement and impairment of financial instruments. We expect the impact on Group reserves from July 1, 2018 to be a reduction in the range of £28m to £36m. Further details can be found in Note 2 to the audited consolidated financial statements of Together Financial Services Limited.

New Securitisation

On June 27, 2018, the Group announced the completion of a £525m commercial real estate warehouse facility via the special purpose vehicle Highfield Asset Backed Securitisation 1 Limited. On completion of the transaction we drew £165m to support the purchase of £203m of commercial real estate loans in the Charles Street ABS facility and Lakeside ABS, significantly reducing the balance of commercial real estate loans in these facilities.

The Sunday Times 100 Best Companies to Work For

The Group was placed 34th in the in Sunday Times 100 Best Companies to Work For. In addition, the Group was also awarded this year's special award for 'Giving Something Back', for our commitment to corporate social responsibility, coming in at 9th place with our score for charity efforts and 10th for community.

Board changes during year

In February, we further enhanced our senior management team and the Group Board when John Lowe joined Together as Group Finance Director. His arrival has enabled Gary Beckett to take on the new role of Group Managing Director and Chief Treasury Officer.

Sarah Batt was appointed as Company Secretary for the Group Board in May 2018. Sarah has been with Together for over 10 years, having joined on the graduate scheme. Nigel Dale remains with the Group in his capacity as Legal Counsel.

Significant Factors Which May Affect 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, an assessment of the repayment strategy, and the marketability and value of the underlying security. Our underwriting criteria, processes, controls and systems have been developed and refined using many years of experience. For each loan application, a detailed individualised assessment is made of the customer including, among other checks, an assessment of the financial position of the customer to ensure, when appropriate, that the loan is both affordable and sustainable, an assessment of the repayment strategy and an assessment of the underlying security and its valuation. In addition, the performance of our total loan assets is impacted by our continued investment in our collections infrastructure, which impacts our ability to collect expected loan installments.

Macroeconomic Conditions

UK GDP growth has remained weak as growth in productivity remains muted and the boost to spending from high levels of consumer credit has cooled.

In November 2017, the consumer price index ('CPI') reached 3.1%[(5)] (well above the Monetary Policy Committee of the Bank of England's 2% target), driven mainly by a fall in the value of sterling increasing the cost of imports following the Brexit referendum vote. This rise, combined with expectations of continued inflationary pressures from falling unemployment (now standing at its lowest level since 1971) fuelling gradual wage growth, led to the Bank of England raising its Bank Rate (often referred to as base rate) from 0.25% to 0.50% in November 2017 for the first time since the financial crisis. Following the rate rise, the CPI fell back to 2.3%[(5)] in June 2018 as the impact of weaker sterling on the price of imports eased. In August, the CPI reached 2.4%[(5)] and the Bank of England raised the bank rate to 0.75%, driven by expectations that the UK economy was regaining strength which could lead to inflationary pressure. Current market expectations are for the CPI to fall to around 2%, and for further gradual increases in the bank rate over the next few years.

Together operates solely in the UK, and is therefore primarily affected by domestic business and economic conditions, albeit given the Group's lending is secured against UK property, it has no direct exposure to the consumer credit market. Furthermore, our focus on lending at conservative loan-to-value ratios provides strong security in the event of any downturn.

Notwithstanding the strength of this security, the Group only seeks to advance loans where it is felt that repayments are affordable and sustainable. Recognising that situations can arise which may have an impact on a customers' ability to make repayments, including illness, bereavement or other unexpected life circumstances, established procedures exist to work with, and implement appropriate forbearance if it is considered to be in the customer's best interest.

Uncertain economic conditions may cause financial markets to become more volatile, which in turn may affect the availability and cost of external funding. To mitigate this risk, we seek to extend our existing facilities on a regular basis, well ahead of maturity dates and ensure sufficient facility headroom exists to support our growth. While uncertain and volatile economic conditions may present challenges, they may also reduce competition and thus present opportunities for specialist lenders like ourselves.

Property Market

Together operates in a number of specialist segments of the UK mortgage market, helping customers who are typically underserved by mainstream banks.

While UK average house prices for the year have risen by 3.0%[(6)] , the underlying picture shows significant regional variations. Average prices in London reduced by 0.4%[(6)] during the year, while areas outside of the capital have continued to rise quite strongly, in some cases by more than 6%[(6)]. Overall increases in UK house prices have been driven by excess demand for the supply of housing stock, and have significantly outstripped growth in earnings, particularly among first-time buyers. This has been compounded by many young people building up substantial student debt, and by regulatory changes that have required more stringent affordability criteria for new lending.

---

(5) Office for National Statistics, July 2018

(6) Land Registry House Price Index, May 2018

Significant Factors Which May Affect Results of Operations (continued)

Property Market (continued)

Combined with regulatory changes affecting the wider buy-to-let ('BTL') market, these pressures may have a dampening effect on the growth in total UK mortgage lending for the medium term.

In contrast, although housebuilding has continued to increase, we believe the underlying excess of demand over supply in the UK will continue to limit the likelihood of any major fall in house prices.

Together is a national lender and has a loan portfolio which is diversified across the UK, with less than 30%[7] concentrated in the London region. Our London portfolio is not focused on 'high end' central London properties and, with loan-to-value ratios lower than the average for the rest of the country, it is well protected against moderate house price falls.

Our personalised approach to underwriting, underpinned by an effective in-house operating platform, combined with our through-the-cycle experience, positions us well to succeed in times of uncertainty.

As a specialist lender we continue to see a strong appetite among professional landlords for expanding their portfolios, and anticipate that the recent regulatory and tax changes will lead to an increasing professionalisation of the BTL market.

Competition

Competition in the secured lending industry can take a number of forms, including interest rates and fee competition, underwriting criteria, convenience and customer service, and marketing and distribution channels.

Mainstream ('high-street') lenders continue to focus on their core businesses of automated credit decisions which excludes certain customers, property or transaction types. This has encouraged a number of new entrants, or re-entrants into the market in the form of non-bank lenders or newly formed challenger banks which are likely to increase competition in the segments where we operate.

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.

Operational

The high-street challenges of large and expensive branch networks highlights the inherent strength of our low-cost model of distributing through brokers, mortgage networks and clubs, and via direct sales.

Funding

We fund our total loan assets from cash generated by operations, shareholder reserves, the Subordinated Shareholder funding, our issued Capital Market instruments, a revolving credit facility, a residential mortgage-backed securitisation, and through our asset-backed facilities. The volume of loans we are able to originate is limited, in part, by the amount and terms of funding available to us along with the level of our capital reserves.

Regulatory Considerations

The Group has certain subsidiaries which are authorised and regulated by the FCA in addition to subsidiaries which undertake lending which is not regulated. We also have 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.

We continue to invest in our compliance, legal and governance functions to ensure we are adequately resourced to ensure compliance with all existing and future requirements.

Risk Factors

This report contains statements 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,

[7] 28.8%, June 30, 2018 (28.3%, June 30, 2017)

Significant Factors Which May Affect Results of Operations (continued)

Risk Factors (continued)

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 report. These factors include among others:

- the impact of economic conditions on our results of operations and financial condition;
- the impact of the United Kingdom's exit from the European Union;
- our relationships with brokers and other distribution channels;
- the impact of competition;
- legislative, taxation and regulatory changes affecting our ability to operate or the profit generated from our activities;
- our exposure to potential regulatory sanctions and fines;
- interruption or loss of our information processing systems or failure to maintain secure information systems and technological changes;
- the impact of litigation;
- our ability to retain our senior management and our underwriters, account executives, sales personnel and other client facing employees;
- changes in accounting standards;
- the impact of fluctuations in interest rates;
- our ability to obtain financing;
- our substantial debt; and
- financial covenants.

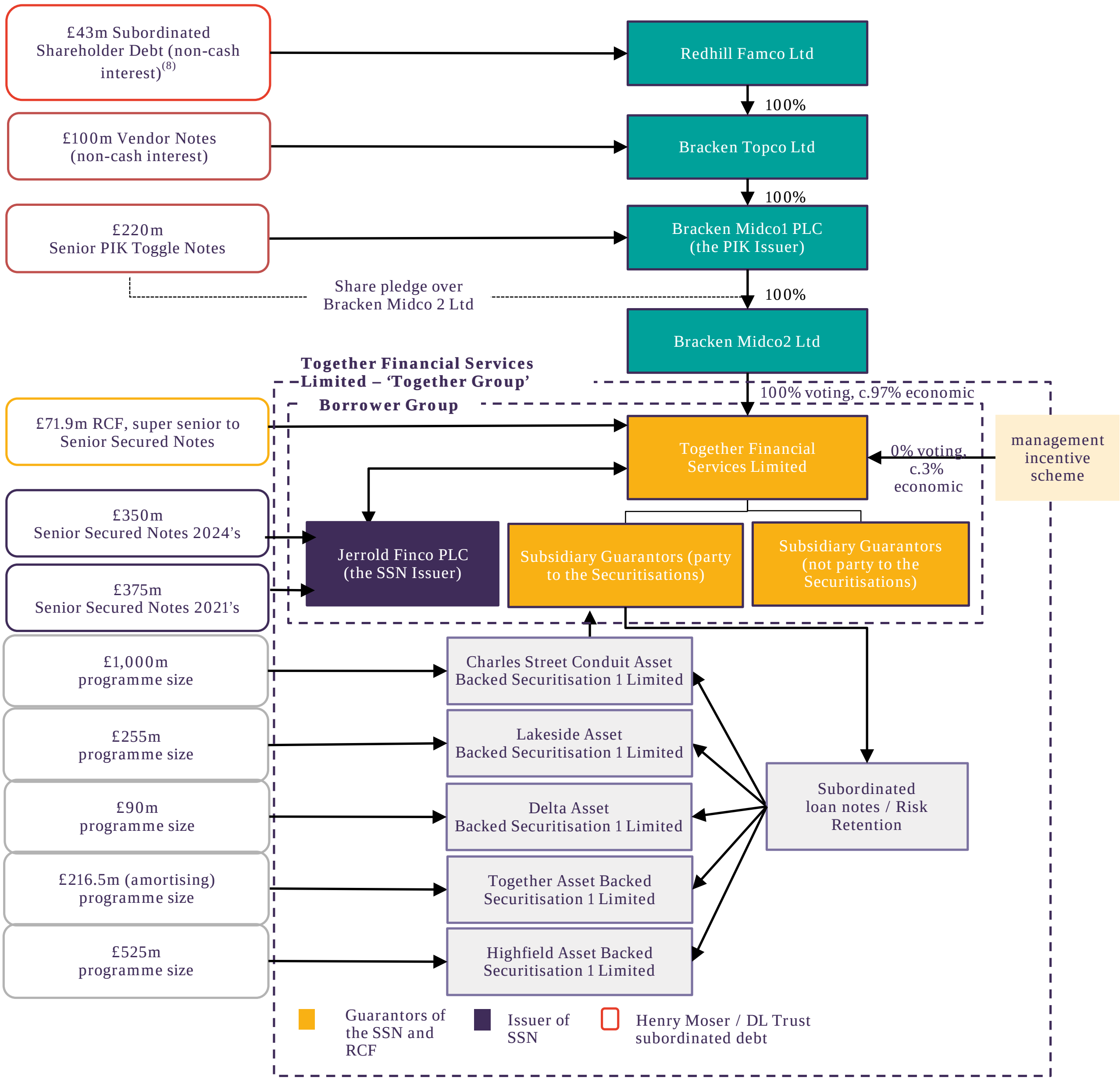
These risks are not exhaustive. Other sections of this report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the markets in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such 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 report, and we do not intend, and do not assume any obligation, to update forward looking statements set forth in this report. 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 report. As a result, you should not place undue reliance on these forward looking statements.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at June 30, 2018.

The diagram does not include all entities in our Group nor does it show all liabilities in our Group.



(8) Subordinated Shareholder Funding based upon nominal value

Summary Results and Financial Position of Bracken Midco1 PLC

The tables below set out the audited annual consolidated results and financial position of Bracken Midco1 PLC, the issuer of £220m Senior PIK Toggle Notes, compared to the consolidated results and financial position of Together Financial Services Limited, for and as of the year ended June 30, 2018. Both sets of results are on an IFRS basis given this is the basis upon which the audited results are prepared.

	Year ended June 30, 2018		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 PLC £m**
Profit before tax (1)	**121.7**	**(32.0)**	**89.7**

	As at June 30, 2018		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 PLC £m**
Assets			
Loans and advances to customers	2,958.2	-	2,958.2
Inventories	0.6	-	0.6
Other assets	4.3	-	4.3
Investments	0.1	-	0.1
Property, plant and equipment	6.3	-	6.3
Intangible assets	8.3	-	8.3
Deferred tax asset	1.4	-	1.4
Total assets	**2,979.2**	**-**	**2,979.2**
Liabilities			
Bank facilities	30.7	(0.1) (2)	30.6
Loan notes	1,452.4	-	1,452.4
Senior secured notes	727.4	-	727.4
Senior PIK toggle notes	-	220.0(3)	220.0
Obligations under finance leases	1.1	-	1.1
Debt issue costs	(19.9)	(3.1) (4)	(23.0)
Total borrowings (excluding subordinated shareholder funding)	**2,191.7**	**216.8**	**2,408.5**
Other liabilities	44.2	5.0(5)	49.2
Current tax liabilities	6.3	-	6.3
Total liabilities	**2,242.2**	**221.8**	**2,464.0**
Equity			
Subordinated shareholding funding	25.1	47.9	73.0(6)
Shareholders' equity	711.9	(269.7)	442.2
Total equity	**737.0**	**(221.8)**	**515.2**
Total equity and liabilities	**2,979.2**	**-**	**2,979.2**

(1) Presented to reflect the annual consolidated profit of Together Financial Services Limited and Bracken Midco1 PLC.

(2) Represents cash and cash equivalents held within Bracken Midco1 PLC and Bracken Midco2 Limited.

(3) Represents the additional borrowings in the form of £220.0m Senior PIK Toggle Notes issued as part of the Exit Transactions, which were described in the report for the year-end June 30, 2017.

(4) Represents unamortised debt issue costs associated with the issuance of the Senior PIK Toggle Notes.

(5) Includes interest accrued on the Senior PIK Toggle Notes.

(6) Represents shareholder funding owed to Bracken Topco Limited by Bracken Midco1 PLC.

Summary Results and Financial Position of Bracken Midco1 PLC (continued)

For the period to June 30, 2018, interest payable and similar charges for Bracken Midco1 PLC was, on a consolidated basis £124.8m compared to £92.8m for Together Financial Services Limited. The £32.0m variance comprises £26.7m of interest payable and debt issue amortisation on the Senior PIK Toggle Notes, £7.2m being the unwind of the fair value adjustment in respect of intercompany loan amounts owed to Bracken Topco Limited, and the elimination on consolidation of £1.9m of fair value unwind at Together Financial Services Limited on intercompany loans owed to Bracken Midco2 Limited.

Audited Annual Report and Consolidated Financial Statements

The audited annual report and consolidated financial statements attached show the financial performance for the year to and as at June 30, 2018.

Comparatives for these consolidated financial statements are as follows:

- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement have comparatives for the year to June 30, 2017; and
- Consolidated Statement of Financial Position has comparatives as at June 30, 2017.