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This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person. In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, investors must not be U.S. persons (within the meaning of Regulation S under the Securities Act). By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this 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) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005 or a certified high net worth individual within Article 48 of the Financial Services and Markets Act (Financial Promotion) Order 2005.

This Prospectus 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 neither Dignity Finance PLC nor The Royal Bank of Scotland plc nor any lead manager nor any person who controls any of them, nor any director, officer, employee or agent of Dignity Finance PLC or The Royal Bank of Scotland plc or any lead manager nor any affiliate¹ of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Dignity Finance PLC or The Royal Bank of Scotland plc or any lead manager.

¹ In relation to The Royal Bank of Scotland plc, the term "**affiliate**" shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers, employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.



DIGNITY FINANCE PLC

(incorporated in England and Wales as a public limited liability company under registered number 04488292)

£238,904,000 Class A Secured 3.5456% Notes due 2034

£356,402,000 Class B Secured 4.6956% Notes due 2049

Dignity Finance PLC (the "**Issuer**") will issue, on or about 17 October 2014 (the "**Closing Date**"), £238,904,000 Class A Secured 3.5456% Notes due 2034 (the "**Class A Notes**") and £356,402,000 Class B Secured 4.6956% Notes due 2049 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**").

The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Republic of Ireland, "**2010 PD Amending Directive**" means Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). No assurance can be given that such application will be successful. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). This document constitutes the prospectus (the "**Prospectus**") and comprises a Prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The primary source of funds for the payment of principal and interest on the Class A Notes, the Class B Notes and any other Further Notes and any New Notes will be the right of the Issuer to receive interest and principal repayments under a secured loan (the "**Issuer/Borrower Loan**") made by the Issuer to Dignity (2002) Limited (the "**Borrower**"). The Issuer will make an advance (the "**Advance**") to the Borrower under the Issuer/Borrower Loan on the Closing Date.

The Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular the Notes will not be obligations of, and will not be guaranteed by, the Note Trustee, the Security Trustee, the Liquidity Facility Provider, the Arranger, the Lead Manager, the Paying Agents, Dignity (excluding the Issuer), (each as defined in "**The Parties**" below) or any other person other than the Issuer.

The Class A Notes are expected upon issue to be rated "A" by Fitch Ratings Limited ("**Fitch**") and "A (sf)" by Standard and Poor's Ratings Services, a division of Standard and Poor's Credit Market Services Europe Limited ("**S&P**" and, together with Fitch, the "**Rating Agencies**" and each a "**Rating Agency**"). The Class B Notes are expected upon issue to be rated "BBB" by Fitch and "BBB (sf)" by S&P. Each Rating Agency is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such each of Fitch and S&P is included in the list of credit agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Particular attention is drawn to the section of this Prospectus entitled "**Risk Factors**".

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Notes will be offered and sold to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. The Notes are being sold in reliance on the exemption from the provisions of Section 5 of the Securities Act provided by Regulation S.

See "**Risk Factors**" for a discussion of certain information that should be considered by prospective investors in the Notes.

Arranger and Lead Manager

The Royal Bank of Scotland

The date of this Prospectus is 13 October 2014

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Obligor accepts responsibility for all information contained in this document relating to it (together the "Obligors' Information"). To the best of the knowledge and belief of each Obligor (which has taken all reasonable care to ensure that such is the case) the Obligors' Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Obligor as to the accuracy or completeness of any information contained in this Prospectus (other than the Obligors' Information) or any other information supplied in connection with the Notes or their distribution. Other than in respect of the Obligors' Information, no Obligor has separately verified the information contained herein and no representation, warranty or undertaking, express or implied, is made and no liability accepted by any Obligor as to the accuracy or completeness of such information. Each person receiving this Prospectus acknowledges that such person has not relied on any Obligor or any of its affiliates in connection with its investigation of the information contained herein (other than the Obligors' Information).

The Liquidity Facility Provider accepts responsibility for the information contained in "The Liquidity Facility Provider" below. To the best of the knowledge and belief of the Liquidity Facility Provider this information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The report reproduced in Appendix 1 was produced by DTZ Debenham Tie Leung Limited ("DTZ"), Real Estate Advisors, acting through their office at 125 Old Broad Street, London EC2N 1AR, was signed by a Chartered Surveyor and is reproduced herein at the request of the Issuer in the form and context in which it appears with their consent. DTZ does not have any material interest in the Issuer or the Borrower. DTZ accepts responsibility for such valuation report included in Appendix 1 and, to the best of the knowledge and belief of DTZ (having taken all reasonable care to ensure that such is the case) the information contained in the report is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

The Borrower auditors' reports reproduced as part of Appendices 2 and 3 were produced by PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales, Registered Auditors and independent auditors to the Issuer and the Borrower and the Borrower's subsidiaries. PricewaterhouseCoopers LLP does not have any material interest in the Issuer or the Borrower.

The Issuer has confirmed to the Arranger and the Lead Manager that this Prospectus contains all information which is (in the context of the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Note Trustee, the Security Trustee, the Liquidity Facility Provider, the Paying Agents, the Working Capital Facility Provider, the Lead Manager or the Arranger that any recipient of this Prospectus should subscribe for or purchase any Notes.

No person is or has been authorised to give any information or to make any representation regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such information or representation must not be relied upon as having been authorised by either the Issuer or any of the Arranger, the Lead Manager, the Security Trustee, the Liquidity Facility Provider, the Paying Agents, the Working Capital Facility Provider, the Note Trustee or any of their respective affiliates. In relation to The Royal Bank of Scotland plc, the term "affiliate" shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers, employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or any

member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer, any Obligor, or the Liquidity Facility Provider is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Issuer, the Arranger, the Lead Manager, the Note Trustee, the Security Trustee, the Liquidity Facility Provider, the Paying Agents and the Working Capital Facility Provider do not represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, (save for the approval of this Prospectus by the Central Bank) no action has been taken by the Issuer, the Arranger, the Lead Manager, the Note Trustee, the Security Trustee, the Liquidity Facility Provider, the Paying Agents, the Working Capital Facility Provider or any agent which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, Notes may not lawfully be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Arranger and the Lead Manager have represented that all offers and sales by them will be made on the same terms.

The distribution of this Prospectus and the offer or sale of any of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers; sales and deliveries of Notes and on the distribution of this Prospectus, see "Subscription and Sale". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Prospective investors of the Notes should ensure that they understand the nature of the Notes in which they are investing and the extent of their exposure to risk and that they consider the suitability of the such notes as an investment in the light of their own circumstances and financial condition. Each Noteholder should have sufficient knowledge, experience and professional advice to make its own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes and in purchasing the Notes is not relying on either the views or advice of, or any information with respect to the Issuer, the Borrower or any of their respective affiliates.

The Issuer is of the opinion that the requirements of Articles 404 – 410 of the Capital Requirements Regulation (the "CRR") and Section 5 of Regulation (EU) No. 231/2013 ("AIFMR") do not apply to the Notes. None of the Issuer, the Arranger, the Lead Manager, the Note Trustee, the Security Trustee, the Liquidity Facility Provider, the Paying Agents, the Working Capital Facility Provider or any other party named in this Prospectus accepts responsibility to investors for the regulatory treatment of their investment in the Notes (including (but not limited to) whether any transaction or transactions pursuant to which Notes are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of EU risk retention and due diligence requirements and the application of EU risk retention and due diligence requirements to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Notes is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the "Risk Factors – Other Legal Risks relating to the Transaction Structure – Change of Law Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the notes" section of this Prospectus for further information on EU risk retention and due diligence requirements.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency (a "CRA") established in the European Community and registered under the CRA Regulation unless the rating is provided by a CRA operating in the

European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. Each of Fitch and S&P is a CRA established in the European Community and registered under the CRA Regulation. ESMA is obliged to maintain on its website, www.esma.europa.eu, a list of CRA registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a CRA under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Each of Fitch and S&P are included on the list of registered and certified credit rating agencies that is maintained by ESMA.

In this Prospectus, references to "£" "**Sterling**" and "**Pounds Sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "EUR" or "**euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

Save where the context otherwise requires, references in this Prospectus to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

In connection with the issue of the Notes, The Royal Bank of Scotland plc (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of such Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Capitalised terms used in this Prospectus are defined where indicated in the Index of Defined Terms. Where there is a conflict between the definition of a term in the Conditions and the definition of a term elsewhere in the Prospectus, the definition in the Conditions shall prevail.

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OVERVIEW

Overview of the Transaction

On 11 April 2003 (the "**Initial Securitisation Closing Date**") the Issuer issued £110,000,000 Class A Secured 6.310% Notes due 2023 and £100,000,000 Class B Secured 8.151% Notes due 2031 (the "**First Initial Securitisation Notes**"). On 21 February 2006 the Issuer further issued £45,550,000 Class A Secured 6.310% Notes due 2023 and £100,000,000 Class B Secured 8.151% Notes due 2031 (the "**Second Initial Securitisation Notes**"). On 27 September 2010 the Issuer further issued £48,650,000 Class A Secured 6.310% Notes due 2023 and £33,100,000 Class B Secured 8.151% Notes due 2031 (the "**Third Initial Securitisation Notes**"). On 30 July 2013 the Issuer further issued £50,250,000 Class A Secured 6.310% Notes due 2023 and £40,750,000 Class B Secured 8.151% Notes due 2031 (the "**Fourth Initial Securitisation Notes**" and together with the First Initial Securitisation Notes, the Second Initial Securitisation Notes and the Third Initial Securitisation Notes, the "**Initial Securitisation Notes**"). On each issuance date of the Initial Securitisation Notes, the Issuer used the proceeds of the relevant issuance to make an Issuer/Borrower Loan to the Borrower (the "**Existing Advances**").

On the Closing Date, it is expected that the Notes to be issued will include those Notes (the "**Replacement Notes**") that will be delivered to the Issuer's existing noteholders in exchange for delivery by such existing noteholders of the outstanding Initial Securitisation Notes back to the Issuer as part of completion of an exchange offer process undertaken by the Issuer in connection with the refinancing of its then existing bond indebtedness. In addition, on the Closing Date, the Issuer will issue additional new Notes (the "**Additional Notes**").

On the Closing Date, the Issuer/Borrower Loan Agreement will be amended and restated and the Existing Advances under the Issuer/Borrower Loan will be refinanced in full with the effect that, following the issuance of the Notes, the outstanding amount of all tranches of the Issuer/Borrower Loan will be in an aggregate amount equal to the aggregate principal amount outstanding of the Notes as at the Closing Date (the "**Advance**").

The Issuer will apply the gross proceeds of the issuance of the Additional Notes pursuant to the terms of the Issuer/Borrower Loan Agreement to partially make the Advance to the Borrower in an amount equal to £94,000,000 (the "**Additional Notes Advance Amount**"). Such Additional Notes Advance Amount will be used by the Borrower to, *inter alia*: (i) partially refinance the Existing Advances; (ii) pay a cash dividend to D2004 which will in turn pay a cash dividend to Dignity plc to enable Dignity plc to effect a return of value to its shareholders (subject to the approval of the shareholders pursuant to a general meeting); (iii) make a payment into the Dignity Pension and Assurance Scheme; and (iv) pay certain fees relating to the transaction. Some of the proceeds of the issuance of the Notes which are paid to Dignity plc via a dividend from D2004 may also be retained by Dignity plc.

Capital Structure on the Closing Date

	Rating (S&P / Fitch)	£ (Equivalent)
Notes		
Replacement Class A Notes	A (sf)/A	189,904,000
Additional Class A Notes	A (sf)/A	49,000,000
Replacement Class B Notes	BBB (sf)/BBB	311,402,000
Additional Class B Notes	BBB (sf)/BBB	45,000,000
Total		<u>595,306,000</u>
Advance		
A Tranche		238,904,000
B Tranche		356,402,000
Total		<u>595,306,000</u>

Subject in each case to, and as more particularly set out under, "*Description of the Principal Obligor Transaction Documents*", the payment of interest and repayment of principal by the Borrower in respect of the Issuer/Borrower Loan provides the primary source of funds for the Issuer to make payments of interest and repayments (or prepayments) of principal under the Notes and to pay any amounts due to the Obligor Secured Creditors in accordance with their respective entitlements and priorities. In the event that the Issuer has insufficient funds to make payments due on the Notes, it may in certain circumstances

draw on the Liquidity Facility. The Issuer's obligations under the Notes and the Issuer Transaction Documents are secured by fixed and floating security granted by the Issuer over all its property, undertaking and assets. This security is held and is enforceable by the Note Trustee in accordance with the provisions of the Issuer Security Deed.

The obligations of the Borrower to the Issuer under the Issuer/Borrower Loan Agreement are met principally from the proceeds of intra-group loans to the Borrower from other members of the Securitisation Group. These intra-group loans are funded by revenues generated by the business operations of the Securitisation Group which are described below. The obligations of the Borrower and the other Obligors under, among other agreements, the Issuer/Borrower Loan Agreement are secured by the fixed and floating security which the Obligors have granted over all their property, undertaking and assets. This security is held and is enforceable by the Security Trustee on behalf of the Obligor Secured Creditors in accordance with the provisions of the security documents.

In addition, the Guarantors have guaranteed each of the obligations of each other Guarantor and have granted security over all their assets in favour of the Security Trustee.

There are certain aspects of the Notes and related transactions about which prospective Noteholders should be aware. In particular, the risks associated with the Notes and related transactions are set out in "Risk Factors" below.

Overview of the Dignity Business

Dignity is the United Kingdom's only listed provider of funeral related services (funeral services, crematoria and pre-arranged funerals).

On 11 February 2002, Dignity Services was the subject of a £235 million management buyout. The senior acquisition debt was refinanced by a bridge facility provided by JP Morgan Chase Bank on 20 December 2002. This in turn was refinanced on 11 April 2003, when the Dignity Group raised £210 million by issuing the First Initial Securitisation Notes.

On 19 March 2004, the Dignity Group re-organised as part of an initial public offering of shares listed on the London Stock Exchange which took place on 8 April 2004. The listing raised £123.0 million before expenses, which was used by the Dignity Group to repay junior debt, secure a more diversified ownership and provide more stable financing for the Dignity Group.

Dignity Finance plc issued, following the Initial Securitisation Closing Date, the Second Initial Securitisation Notes, the Third Initial Securitisation Notes and the Fourth Initial Securitisation Notes (on 21 February 2006, 27 September 2010 and 30 July 2013 respectively), raising further aggregate gross proceeds of £275 million.

As at the date of this Prospectus, the Dignity Group's only other debt funding is a £15.8 million crematorium acquisition facility, which is fully drawn. Interest thereon is paid on a quarterly basis at a fixed rate of 3.3%. The principal is repayable as a bullet payment in February 2018. This facility is drawn by D2008 outside of the Securitisation Group and was used to acquire the entire issued share capital of DCL (which owned 5 crematoria) on 24 November 2008. DCL has subsequently acquired 2 further crematoria. These assets are secured outside of the Securitisation Group. Dignity plc has guaranteed the interest payments under the facility to the extent that it has cash freely available.

As a result, as at the date of this Prospectus, the only material external debt currently held by the Securitisation Group is the Initial Securitisation Notes. On the Closing Date, it is expected that the Replacement Notes to be issued will be delivered to the Issuer's existing noteholders in exchange for the Initial Securitisation Notes as part of a consent solicitation process undertaken by the Issuer in connection with the refinancing of the existing bond indebtedness. In addition, on the Closing Date the Issuer will issue the Additional Notes.

As at the Closing Date, the Dignity operating group will comprise Dignity Services and its subsidiaries which, with the Borrower and D2014 (a newly incorporated holding company), are members of the Securitisation Group as indicated in "Diagrammatic Overview of the Securitisation Structure" below. All financial information referred to relates to the Securitisation Group and not Dignity plc and its subsidiaries.

The Dignity Group may continue to make acquisitions via share and/or asset acquisitions ("Acquisitions") prior to the Closing Date. Such Acquisitions will be made in the ordinary course of business and in accordance with and pursuant to the terms of the Issuer/Borrower Loan Agreement and other applicable Transaction Documents. Any companies acquired pursuant to the Acquisitions will accede to the Securitisation Group either as a new Obligor or Non-Obligor prior to the Closing Date.

Dignity Group

Dignity provides a full range of funeral services through 3 principal lines of business:

Funeral Services (69% of FY 2013 revenues):

This business had a total of 698 funeral locations as at the end of June 2014, operating as part of the Dignity network and generally trading under established local trade names. In the 52-week period ended 27 December 2013 ("FY 2013") Dignity conducted 68,000 funerals, representing an 11.9% share of the total UK funeral market.

Crematoria (21% of FY 2013 revenues):

Dignity is the largest private operator of crematoria in the United Kingdom. Dignity's crematoria business comprised 39 operational crematoria as at the end of June 2014, of which 9 also have adjoining cemeteries.

Pre-arranged funerals (10% of FY 2013 revenues):

Dignity is a major provider in the pre-arranged funerals market with approximately 332,000 unfulfilled pre-arranged plans outstanding as at June 2014.

The main objective of Dignity's pre-arranged funeral business is to generate a backlog of pre-arranged funeral plans that may result in funerals in future years that the Dignity Group would not have otherwise performed.

Summary historical financial information

Financial statements of the Borrower and its subsidiaries for FY 2013 and the 52-week period ended 30 December 2012 are set out in Appendices 2 and 3 respectively.

Historical financial information for the 52-week period ended December 2009, the 52-week period ended December 2010, the 52-week period ended December 2011, the 52-week period ended December 2012 and FY 2013 has been extracted from the unaudited investor reports for the corresponding periods.

Figure 1 Dignity EBITDA* of the Securitisation Group by Operating Division

	52 weeks 2009 £m	53 weeks 2010 £m	52 weeks 2011 £m	52 weeks 2012 £m	52 weeks 2013 £m
Funeral Services	52.9	55.4	56.9	60.3	66.3
Crematoria	18.7	21.1	22.7	24.7	28.5
Pre arranged	2.0	2.9	4.1	5.2	6.8
Central Costs	(9.6)	(10.2)	(11.1)	(12.1)	(13.6)
EBITDA	64.0	69.2	72.6	78.1	88.0

* "EBITDA" is as defined in the Issuer/Borrower Loan Agreement (See "*Definition of the Principal Obligor Transaction Documents – Issuer/ Borrower Loan Agreement*"). Consequently, EBITDA as set out above does not represent the consolidated profit before depreciation, amortisation, interest and taxation of the Securitisation Group in accordance with GAAP, as it, *inter alia*:

- (i) excludes any profits/ losses on disposals of fixed assets;
- (ii) excludes any Surpluses received from any Trusts;

- (iii) includes pension costs incurred by the Securitisation Group on a cash basis, rather than in accordance with FRS 17; and
- (iv) excludes any transaction costs relating to the Obligor Transaction Documents.

Certain funeral and crematoria businesses were, prior to July 2013, held by the Dignity Group outside of the Securitisation Group. These assets (in the main representing the assets acquired by the Dignity Group as a result of the acquisition of Yew Holdings Limited ("**Yew Acquisition**") transferred into the Securitisation Group in July 2013 and generated approximately £3.9 million of EBITDA in the period prior to July 2013, which is not included in the EBITDA for 2013 disclosed in the table above.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Such documents have been filed with the Central Bank and the Irish Stock Exchange and will be made available in hard copy, free of charge, during usual business hours at the specified offices of the Issuer, unless such documents have been modified or superseded.

For ease of reference, the tables below set out the relevant page references for the financial statements, the notes to the financial statements and the Auditors' reports for the 52 week period ended 28 December 2012 and 27 December 2013 for the Issuer, as set out in the respective annual reports.

Dignity Finance PLC

Financial Statements 52 week period ended 28 December 2012

Profit and loss account.....	Page 5
Balance sheet.....	Page 6
Notes to Financial Statements	Pages 7 to 20
Auditors Report	Page 4

Dignity Finance PLC

Financial Statements 52 week period ended 27 December 2013

Profit and loss account.....	Page 6
Balance sheet.....	Page 7
Notes to Financial Statements	Pages 8 to 21
Auditors Report	Pages 4 and 5

The documents incorporated by reference are available at:

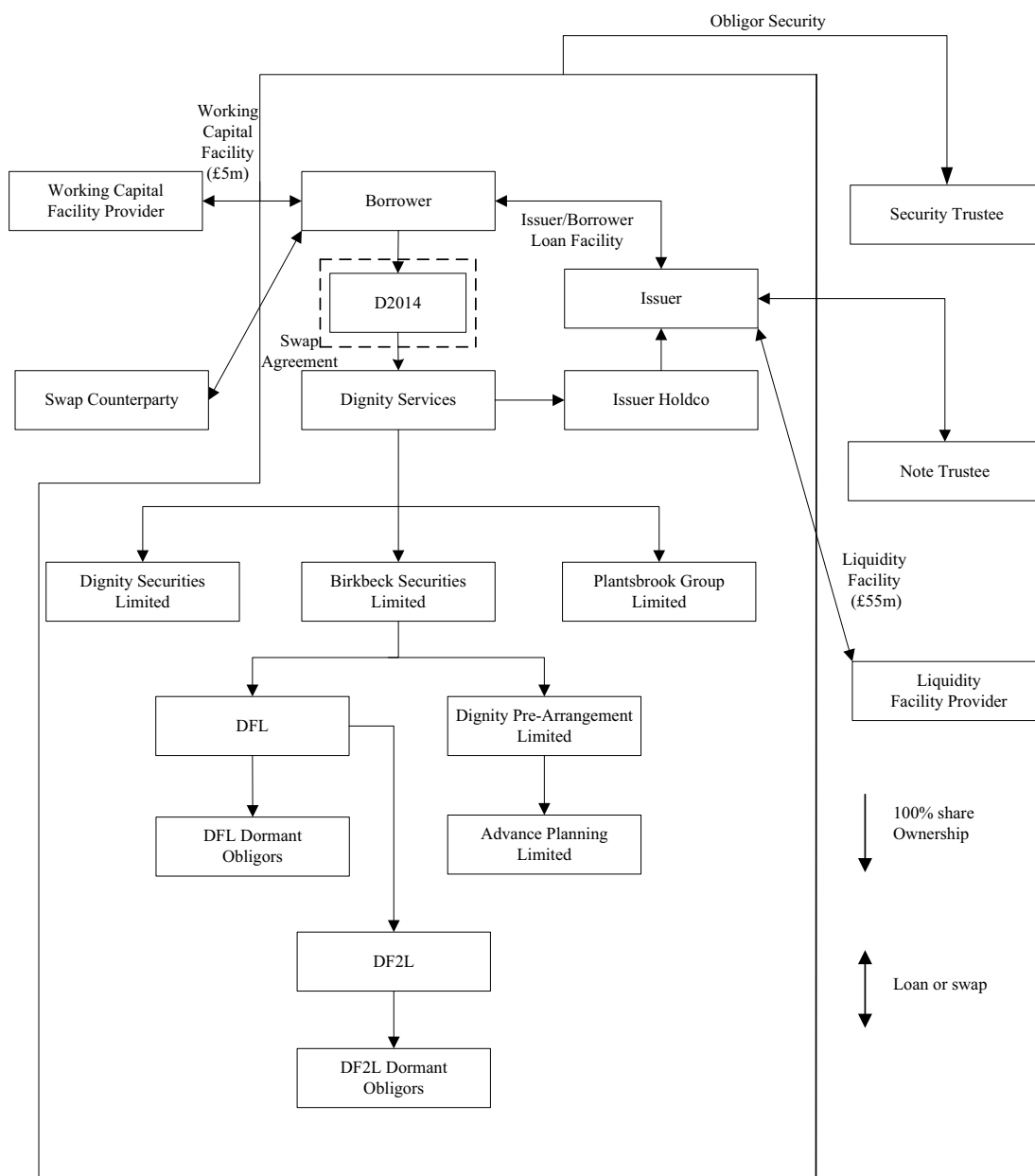
- Dignity Finance PLC Financial Statements 52 week period ended 28 December 2012:
http://www.rns-pdf.londonstockexchange.com/rns/0411D_-2013-4-23.pdf
- Dignity Finance PLC Financial Statements 52 week period ended 27 December 2013:
http://www.rns-pdf.londonstockexchange.com/rns/4654F_-2014-4-24.pdf

Where only certain parts of documents are being incorporated by reference, any non-incorporated parts of the documents referred to herein are either not relevant for an investor or are covered elsewhere in this Prospectus.

TRANSACTION STRUCTURE AND SECURITISATION GROUP*

Other than as indicated, the following diagram reflects the transaction structure and the Securitisation Group as at 13 October 2014.

The Dignity Group may continue to make Acquisitions prior to the Closing Date. Such Acquisitions will be made in the ordinary course of business and in accordance with and pursuant to the terms of the Issuer/Borrower Loan Agreement and other applicable Transaction Documents. Any companies acquired pursuant to the Acquisitions will accede to the Securitisation Group either as a new Obligor or Non-Obligor prior to the Closing Date.

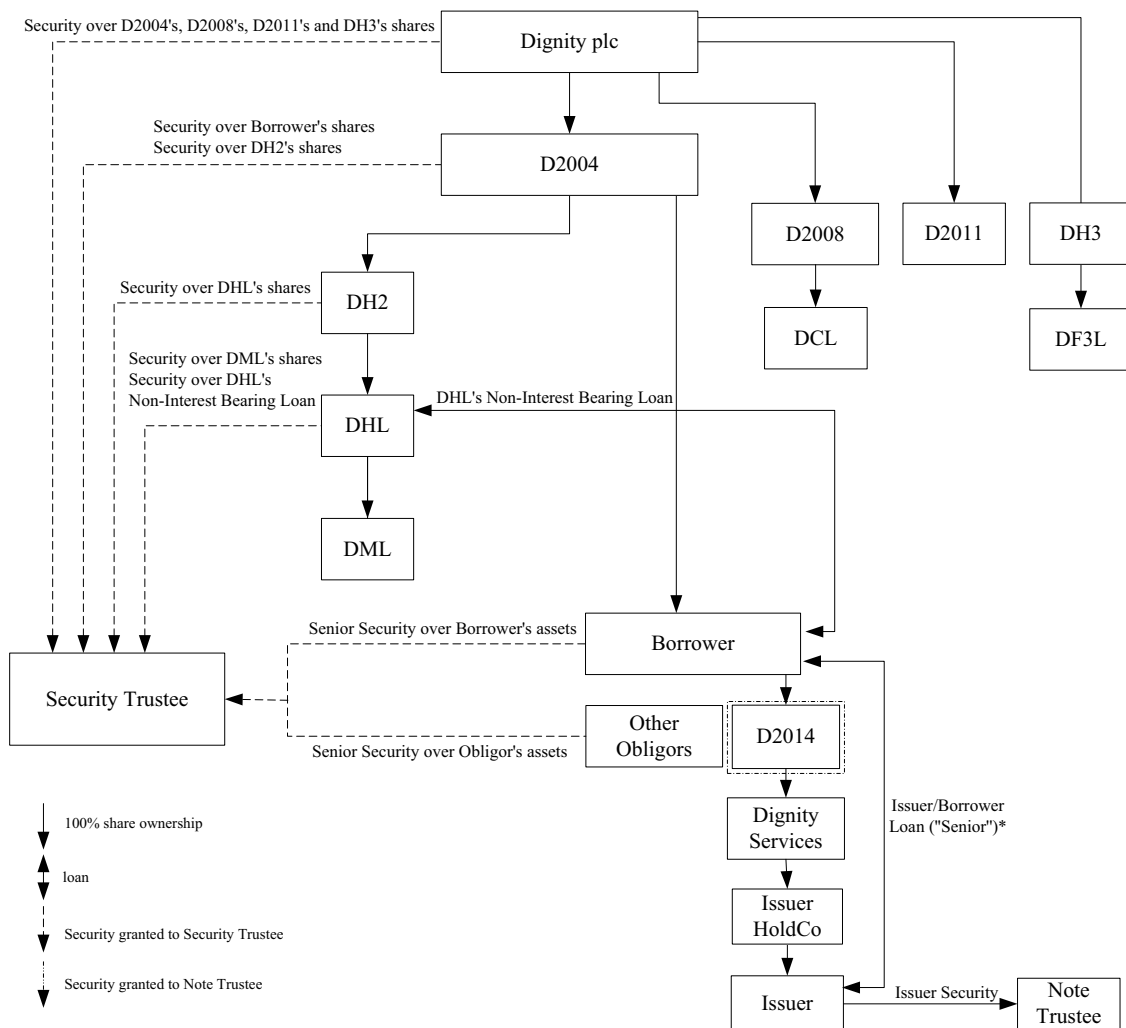


* This diagram is for informational purposes and is qualified by reference to the information appearing elsewhere in this document

— Securitisation Group

- - - D2014 to be added to the Securitisation Group on the Closing Date

DIAGRAMMATIC OVERVIEW OF THE SECURITY STRUCTURE



* See "Description of the Obligor Transaction Documents" for description of Borrower Security

Note: This diagram does not set out all loans and security interests in this transaction. For a comprehensive description of the loans and security documents entered into, please refer to "Description of the Obligor Transaction Documents" and "Description of the Issuer Transaction Documents" below

----- D2014 to be added to the Securitisation Group on the Closing Date

RISK FACTORS

The following is a summary of certain aspects of the Notes and related transactions about which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision.

1. Risks Relating to the Transaction Structure

Notes Are Obligations of the Issuer Only

The Notes will be solely the obligations of the Issuer and will not be obligations or responsibilities of, or guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Note Trustee, the Arranger, the Lead Manager, the Liquidity Facility Provider, the Working Capital Facility Provider, the Cash Administrator, the Issuer Account Bank, the Obligor Account Bank, the Paying Agents, the Agent Bank, the Security Trustee or the members of the Securitisation Group. Furthermore, no person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer Has Limited Resources

The Issuer is a special purpose financing entity with no business operations other than the issue of the Notes and transactions ancillary thereto. The ability of the Issuer to meet its obligations under the Notes will be dependent on, among other things:

- the receipt by it of funds from the Borrower under the Issuer/Borrower Loan Agreement; and
- the receipt by it of interest (if any) from amounts standing to the credit of the Issuer Transaction Account.

In the event that the Issuer is unable on any Interest Payment Date to pay the items set out in items (1) to (8) inclusive set out in "*Description of the Issuer Transaction Documents – The Issuer Cash Administration and Account Bank Agreement – Issuer Pre-Enforcement Priority of Payments*" below (to the extent due (excluding, however, any premium payable under items 5 and 8)), the Issuer will (subject to satisfaction of the conditions for drawing and subject to the limits on drawings set out therein) be able to make a drawing under the Liquidity Facility Agreement. The maximum aggregate amount of drawings permitted under the Liquidity Facility Agreement is £55,000,000 but drawings applied in making payments in respect of Class B Notes are subject to the lower limit of 45% of the maximum aggregate limit so long as the Class A Notes are outstanding.

Other than the foregoing and the proceeds of enforcement of the security granted by the Issuer (the "**Issuer Security**"), the Issuer will not have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes.

The Borrower's ability to meet its obligations under the Issuer/Borrower Loan Agreement depends upon the financial performance of the members of the Securitisation Group.

Revenue Derived from Business Operations

The revenue of the Securitisation Group is generated almost entirely from its funeral services, crematoria and pre-arranged funerals operations. There can be no assurance that the future experience and performance of the funeral services, crematoria and pre-arranged funerals operations of the Securitisation Group will be similar to the experience and performance to date described in this document (see "*Risk Factors – Risks Relating to Dignity's Business*" below).

Ranking of Issuer in the Borrower Priorities of Payment

Certain persons rank ahead of the various payments to be made to the Issuer in the Borrower Priorities of Payment.

Monitoring of Compliance with Transaction Documents and the Determination of a Loan Event of Default or Potential Loan Event of Default

The Trust Deed provides that the Note Trustee will be entitled to assume, unless it is otherwise disclosed in an Investor Report or the Note Trustee is expressly informed otherwise by an Obligor, that no Loan Event of Default or Potential Loan Event of Default (as defined in "*Description of the Principal Obligor Transaction Documents – The Issuer/Borrower Loan Agreement*" below) has occurred and is continuing.

The Note Trustee will rely on the Investor Report to determine whether a Loan Event of Default or Potential Loan Event of Default has occurred and will not itself monitor whether such event has occurred.

As the Issuer is a special purpose company it does not possess the resources to actively monitor whether a Loan Event of Default or Potential Loan Event of Default has occurred including, for this purpose, the continued veracity of representations made by Obligors and compliance by Obligors with their covenants. Accordingly, the Obligors will make such determinations themselves.

In addition, a number of the representations, covenants and Loan Events of Default or Potential Loan Events of Default are qualified by reference to a relevant fact, matter or circumstance being material or having a Material Adverse Effect (as defined in "*Description of the Principal Obligor Transaction Documents – The Issuer/Borrower Loan Agreement – Representations and Warranties*" below). While the criteria laid down in the definition of "**Material Adverse Effect**" are on their face objective, it will fall to the Obligors themselves (and in some cases, professional advisers) to determine whether or not the relevant fact, matter or circumstance falls within the criteria and, as such, the determination will be subjective.

The Borrower is required to deliver to, *inter alios*, the Note Trustee, not later than 150 days following the end of each financial year, a report addressed and delivered to the Issuer and the Note Trustee from the Securitisation Group's auditors confirming that the financial information contained in the Investor Report on a twelve month cumulative basis for the last quarter of the financial year, as set out in the Issuer/Borrower Loan Agreement, has been accurately extracted from the Borrower's audited financial statements or underlying accounting records, and stating whether the calculations set out in the Investor Report have been correctly performed.

2. Reliance on Representations and Warranties

No independent investigation with respect to the matters which are the subject of the representations in the Issuer/Borrower Loan Agreement has been or will be made by or on behalf of the Arranger, the Lead Manager, the Note Trustee, the Issuer or the Obligor Secured Creditors (including the Security Trustee) other than searches on the Closing Date against each Obligor in the relevant file held by the Registrar of Companies and at the Companies Court (or, in Northern Ireland, the Northern Ireland Court Service and the Enforcement of Judgments Office) in respect of winding-up petitions and priority searches prior to the Closing Date, at the appropriate land registry and land charges registry (or the Scottish or Northern Irish equivalents, although no priority is afforded by such searches in Scotland or Northern Ireland) in respect of the Properties. In relation to such matters, the Arranger, the Lead Manager, the Note Trustee and the Obligor Secured Creditors (including the Security Trustee) will rely entirely on the representations to be given by the Obligors set out in the Transaction Documents.

3. **Risks Relating to Dignity's Business**

Number of Deaths

Mortality Rate

The market for funeral and crematoria services is directly linked to the number of deaths. A decrease in the number of deaths will, in the absence of an increase in the prices charged to customers or a decrease in the costs incurred by providers, lead to a drop in profits for the funeral and crematoria services divisions.

The number of deaths in the first 26 weeks of 2014 was 7% lower than in the same period in 2013. Whilst data from previous years indicates that the number of deaths compared to the prior year tends to normalise to within 3% by the end of the year, there can be no assurance that this will continue to be the case. In the last 30 years, there have been 2 occasions where the reduction in the annual number of deaths was more than 3%. No year has witnessed a decline of more than 5% compared to the previous year in that period.

National Pandemic

The incidence of a national pandemic may have an effect on the long-term mortality rates within the United Kingdom. The impact on long-term mortality rates would be dependent on the scale of the pandemic and the demographic age group affected.

Dignity has compiled a contingency plan covering a national pandemic occurrence. In each case, a range of projections of the number of extra deaths has been considered.

Loss of Market Share

A number of factors could potentially lead to an erosion of Dignity's share of the funeral services or crematoria market, and a consequential decline in the revenues and profitability of Dignity. There can be no guarantee that Dignity's market share will be maintained at current levels.

Pricing

The average income per funeral or cremation has historically risen above UK inflation rates. There can be no guarantee that future average incomes will continue to increase or remain at current levels.

Competition from Other Providers of Funeral Services and Crematoria

The United Kingdom funeral services market and crematoria market is currently very fragmented as described in "*Business Description – The Funerals Industry*".

There can be no assurance that there will not be further consolidation in the funeral services and crematoria industries, or that increased competition in the funeral services and crematoria industries, whether in the form of intensified price competition, service competition, over capacity or otherwise, would not lead to an erosion of Dignity's market share, average incomes or costs of funerals or cremations, and consequently a reduction in its revenues and profitability and adversely affect the Borrower's ability to make payments due under the Issuer/Borrower Loan Agreement and the Issuer's ability to make payments due under the Notes.

However, there are barriers to entry to the funeral services market due to the importance of established local reputation to the customers' choice of funeral director, and to the crematoria market due to the need to obtain planning approval for new crematoria and the high cost of developing new crematoria.

Demographic Shifts in Population

No assurances can be given that demographic shifts in population will not lead to a reduced demand for funeral services or cremations in areas where Dignity operates. In such situations Dignity would seek to follow the population shift.

Risk of Defection by Former Owners

Where an acquisition of a funeral location is made Dignity requires vendors to agree to a non-compete clause, usually for a period of five years. There are non-compete clauses or separate non-compete agreements in place in respect of all acquisitions made since 2002. There can be no assurance that a former owner will not set up in competition with Dignity after the expiry of a non-compete clause or that any other employee will not defect. Save for 26 funeral location acquisitions made since July 2008, the non compete agreements or relevant non-compete clauses in respect of former owners have all expired, and since 31 December 1999 the number of former owners leaving to set up their own funeral locations is four. The most recent occurrence was in September 2012.

Risk of Defection by Key Funeral Directors

The defection of funeral directors who have built up relationships with the local community could lead to an erosion of Dignity's market share. This is an ongoing feature of the business. There have been four significant defections since 2004, with each one resulting in an approximate loss of between 200 and 240 funerals per annum.

Damage to Reputation

Adverse publicity may give rise to a loss of market share.

Although the Dignity Group actively manages its businesses and public relations in order to reduce any potential damage to its reputation, there can be no assurance that Dignity will not suffer from adverse publicity and a consequent loss of market share in the future whether in respect of its provision of funeral services, cremations or its pre-arranged, funeral plan business. Whilst Dignity owns the Dignity name SCI (Dignity's previous owner) still uses the brand name 'Dignity Memorial', in the USA (although with a different logo and font) so adverse publicity could include any publicity associated with the use of the Dignity Memorial name by SCI or other users of the Dignity name outside the United Kingdom.

Dignity has implemented several measures in order to reduce the likelihood of adverse publicity. In particular, Dignity actively manages its public relations nationally in order to facilitate a prompt and coordinated response to any potential damage to its reputation.

Dignity has direct ownership of all the trademarks used by it with the exception of the funeral trade name JH Kenyon, which is licensed perpetually from KIES, having been novated to them by SCI. These registrations are UK Trade Marks with the exception of 'the Trees Logo' and 'Dignity Personal Funeral Plans' which are Community Trade Marks. Dignity continues to regularly check to ensure its trademarks are not being infringed and takes appropriate action to defend them and enforce its legal rights if necessary.

'Dignity in Dying' (formerly Voluntary Euthanasia Society) is a campaigning organisation in the UK, which campaigns for greater choice, control and access to services at the end of life (including giving terminally ill adults the option of assisted deaths). There is no guarantee that the similarity of the name will not adversely affect Dignity's reputation. However Dignity will monitor the situation and take appropriate action to defend its reputation if this proves necessary.

Taxes

There can be no assurance that changes will not be made to UK tax laws and practice, such as VAT. VAT is not currently chargeable on the majority of the Dignity Group's services. The introduction of such a tax could significantly increase the cost to clients of the Dignity Group's services as the Dignity Group would (where possible) need to increase its pricing for the services as a result, or result in reduced profitability for the Dignity Group. There are currently specific exemptions under European legislation for the UK on the VAT treatment of funerals and any change would apply to the industry as whole and not just the Group.

Regulation

Background

The funeral services market is currently unregulated. The crematoria industry is, in addition to the licensing requirements described below, subject to various European, United Kingdom and local environmental laws and regulations relating to protection of the environment and health and safety matters (see "*Environmental Risks*" below).

There can be no assurance that new, or in the case of crematoria, further regulations will not be imposed in the future. If the funeral services and crematoria industries become subject to new, or in the case of crematoria, further regulation this could adversely affect Dignity's profitability.

The OFT has conducted three investigations into the funeral services industry in 1989, 1995 and 2001.

Further investigations by the OFT may be conducted in the future. Dignity's practices and procedures comply with the relevant recommendations made by the OFT in its 2001 investigation (see "*Business Description*"). In addition Dignity is a member of the National Association of Funeral Directors ("**NAFD**") and complies with its code of practice.

Crematoria Operations Licensing Requirements

Under the Environmental Permitting (England and Wales) Regulations 2010 (SI2010/675) and the Pollution Prevention and Control (Scotland) Regulations 2000 (SI2000/323), any person operating a Crematorium must have a permit from the local authority regulator (or, in Scotland, the Scottish Environmental Protection Agency). Dignity currently holds the requisite permits. No assurance can be given that Dignity will continue in the future to be in compliance with all the requisite licensing requirements. The regulator may, where the holder of a permit ceases to be, or a potential transferee (in the event of enforcement of security or insolvency of Dignity) is not considered to be a fit and proper person to operate the crematoria, serve a revocation notice in respect of the permit or refuse the transfer thereof. However, there are various levels of enforcement that would be likely to be taken to seek to address any non compliance matter before a permit was revoked and regulators would be likely to take into account the public need for cremations and would be unlikely to serve a notice which would result in the cessation or disruption of cremations where there would be inadequate alternative cremation provision in an area. Each of the Obligor represents in the Issuer/Borrower Loan Agreement that all necessary authorisations and licences necessary for carrying on any business have been obtained and so far as it is aware, such authorisations and licences have not been revoked and there is no intention to terminate any of them.

Risks Relating to Pre-Arranged Funeral Plans

Clawback Issues

As described in "*Pre-Arranged Funeral Plans – Revenue Analysis*", in the past payments have been made to Dignity from pre-arranged trust funds, on the basis of actuarial valuations and otherwise, which reveal a surplus in the funds, and similar payments may be made from the trust funds to Dignity in the future. In addition the Dignity marketing companies have a right to call for investment income earned in excess of funeral cover in respect of planholders who have died.

There is a risk that such payments may be challenged on the basis that in making the payment the trustees failed to have regard to all relevant considerations and to disregard all irrelevant considerations or, where actuarial valuations instead of accountants' certificates have been relied upon by the trustees in determining whether there was a surplus sufficient to make a payment out of a trust, on the grounds that the provisions of such trust were not properly applied. Such a challenge might be made if a customer has been prejudiced because, following the payment to Dignity, there are insufficient funds remaining to pay for the funeral purchased, or to rebate the customer's money on cancellation in accordance with the terms of their plan. In such circumstances the Dignity company to whom the payment was made may be required to repay such sums to the relevant trust.

However, no such challenge has been asserted to date.

Rebates as a result of cancellation of funeral plan/funeral contracts from Trusts/by Customers

Customers can cancel plans at any time. A cancellation of a plan results, inter alia, in the repayment by the relevant Dignity marketing company of the marketing fee it received upon the plan sale.

Cancellation also results in the customer's right to the repayment of all amounts paid in respect of the cancelled plan less a cancellation fee in most cases. There can be no assurance that such rebates will be capable of being satisfied in full from monies held in the relevant trust. In the event that the number of customers cancelling their funeral contracts at any point in time causes the aggregate monies requested to be repaid in respect thereof to exceed the monies held in the trust at such time, insufficient trust funds would be available. The actuary for the trusts reports annually on the amount of shortfall or surplus that would arise on the date of the valuation if all members cancelled (a "**mass cancellation**").

However, as at 27 September 2013 (the date of the last actuarial valuation for the Dignity Trusts), the aggregate surplus across all the Dignity Trusts in the event of a mass cancellation was stated by the actuary to be £65.1 million (i.e. all members could be refunded in the event of a mass cancellation).

There is no guarantee that this surplus will continue, as the market value of the trusts' investments may fall.

Notwithstanding this risk of a mass cancellation the assets of the Dignity Trusts as at 27 September 2013's actuarial valuation exceeded the liabilities of the trust on an ongoing basis. The aggregate surplus of the trusts as at such date is set out in "*Pre-Arranged Funeral Plans – Revenue Streams – Additional Payments out of Trust Funds on the Basis of Actuarial Valuation*".

Customers seeking a cancellation refund may seek to enforce their contractual guarantee against the relevant Dignity marketing company. It is also possible that the trustees, in circumstances where requests for mass cancellations occur and it is evident that insufficient funds are available in the trusts to satisfy all such requests, would conclude no payments in respect of any cancellations may be made, exposing the relevant Dignity marketing company to a risk that claims may be made by customers under the contractual guarantee in circumstances where no trust funds are currently available to offset these claims. In all such circumstances there may also be a risk that further adverse publicity in respect thereof could give rise to a negative impact on Dignity's profitability.

Cost of administration of existing plans upon cessation of further sales of pre-arranged funeral plans

Dignity has a customer service centre which administers all the pre-arranged funeral plans sold by the Dignity marketing companies, those sold by affinity partners and those sold by the Peace of Mind Trusts. In the event that Dignity decides to cease the sale of pre-arranged funeral plans it will still be required to (i) perform funerals in respect of the existing pre-arranged funeral plans and (ii) administer the existing pre-arranged funeral plans. Such administration costs amount to approximately £1,200,000 per annum. These administration costs are recovered from the trusts.

In the event that Dignity ceases the sale of pre-arranged funeral plans and cancellations occur, Dignity would be required to repay to the Dignity Trusts the marketing fees paid to it in respect of each such cancellation. In such circumstances this repayment of marketing fees would not be off-set by marketing payments to it from new sales. It is not the current intention of Dignity to cease selling prearranged funeral plans. However, the level of reimbursement reduces over time.

In addition, management believe that the costs of administration would reduce in such a wind-down situation.

Investment Risks

Under the terms of the relevant Dignity Trust's Deed, the investment strategy of the Dignity Trust is the sole responsibility of the Managing Trustees.

Given the continuing low interest rate environment, the Managing Trustees engaged advisers to consider their statement of investment principles and investment approach. The purpose of this review was to obtain advice on how to continue broadly to match the cash flows of the Trust's liabilities, assuming they increase as described above in a way that seeks to maintain the actuarial position to within a limited range of the current actuarial valuation.

That advice has resulted in the Managing Trustees agreeing to implement a portfolio with the following broad structure:

Asset type	Allocation (%)
Developed market equities	17
Emerging market equities	4
Index linked gilts	16
Index linked corporate bonds	25
Fixed interest corporate bonds	11
Alternative betas (such as mortgage backed securities, emerging market debt and currency)	9
Private markets (such as specific property funds)	8
Cash	10

Advice is currently being obtained by the Managing Trustees as to the most appropriate manner and timing to transition to this new investment strategy.

There can be no assurance that the investment strategy adopted by the Managing Trustees of the Dignity Trusts will (a) be prudent, (b) result in their expected investment returns, (c) not result in a depletion of trust funds or (d) will continue to follow the asset allocation above. The Dignity Group has received legal advice that it cannot force any changes to the investment strategy adopted by the Managing Trustees.

Monies from Trust or Insurance Proceeds may be insufficient to pay for provision of Customer's Specified Funeral

At the time customers take out a Dignity pre-arranged funeral plan, Dignity gives a guarantee that it will provide the specified funeral without further charge to the customer.

Where the plan is trust based, Dignity agrees each year with the relevant trust the amount that it will be paid for specified funerals for those customers who die during the year. Where the plan is based on a whole of life insurance contract, Dignity has a charge over the proceeds of that contract and those proceeds are paid to Dignity upon death.

To date the amount received by Dignity at death, whilst at a significant discount to the prevailing Dignity price list, is substantially more than the incremental cost to Dignity of performing the funeral and thus represents profitable business for Dignity. There can be no guarantee that in future this amount will exceed the cost to Dignity of performing that funeral in which case funerals may have to be performed by Dignity at a loss.

Peace of Mind Trusts

Whilst Dignity has not guaranteed the performance of the Peace of Mind Trusts funeral plans (these plans are directly guaranteed by the Peace of Mind Trusts), it is recognised that if Dignity refused to perform a funeral plan holder's funeral such refusal may have a detrimental impact on the reputation of the Dignity Group. Therefore, it is unlikely that Dignity would refuse to perform such plans even in instances where monies paid to the Group by the relevant Peace of Mind Trust are insufficient to pay for the funeral provided to the planholder.

Merger of insurance company

An insurance company that is an affinity partner of Dignity could be acquired by another company, typically a consolidator of closed insurance books. The effect of this could be that Dignity may not be able to influence or control the management of that book and hence the pre-arranged funeral plan attached to any policy may not crystallise into a funeral that Dignity will perform.

Regulations

Pre-arranged funeral plans are not a regulated product, but are subject (provided certain specific conditions are met) to a specific financial services exemption (under the Article 60 of the Regulated Activities Order within the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001). Changes to the basis of any regulation could affect the Group's ability to sell pre arranged funeral plans in the future or to operate any aspect of the pre-arranged business.

Taxation of Trusts

Please see "*Taxation – Pre-arranged trusts*" below for some considerations relating to UK taxation in respect of the pre-arranged plans trust funds.

Asbestos Issues

The Control of Asbestos Regulations 2012 (CAR) and its supporting Approved Codes of Practice, set out express duties to manage asbestos in non-domestic premises. The duty to manage requires those in control of premises to take reasonable steps to determine the location and condition of materials likely to contain asbestos, presume materials contain asbestos unless there is strong evidence that they do not, make and keep up to date records of the location and condition of the asbestos containing materials ("ACMs") or presumed ACMs in the premises, assess the risk of the likelihood of anyone being exposed to fibres from these materials, prepare a plan setting out how the risks from the materials are to be managed, take the necessary steps to put the plan into action, review and monitor the plan periodically and provide information on the location and condition of the materials to anyone who is liable to work on or disturb them.

In practice, these requirements mean that any building likely to contain asbestos must be surveyed. Buildings which contain asbestos and have already had asbestos surveys conducted on them will have to be revisited on a regular basis to ensure that the risk assessments carried out in respect of such buildings are up to date. The Health and Safety Executive has produced guidance on how to achieve this. The duty holder has been defined to be essentially the party who has responsibility for the repair and maintenance of the premises (which can include responsibility allocated under a lease) and, in the absence of an agreement allocating responsibility, the party who has "**control**" of the area in which the asbestos is (potentially) located.

Dignity's property estate includes a number of older commercial buildings which because of their age and former use may contain asbestos containing materials. Dignity has developed a programme for carrying out detailed asbestos surveys at its properties in line with current legislation. Where relevant, all of the properties in the Dignity portfolio now have an asbestos survey and an up to date management plan in place. The surveys and risk assessments were either conducted directly at the request of Dignity, by qualified third parties in accordance with all relevant legislation and guidance or supplied when Dignity acquired/entered into the lease of the relevant property. The ongoing management programme may involve encapsulating or removing asbestos that is found to be in poor condition. Dignity is not required, however, to remove all asbestos from its properties and the Health and Safety Commission recommends that

where asbestos containing materials are in good condition, not likely to be damaged and not likely to be worked on or disturbed, it is better to leave them in place and to introduce a system of management. Dignity also deals with the removal of asbestos when required as part of its normal branch refurbishment programme.

Dignity no longer makes specific provision for the management of asbestos issues in the Dignity Group accounts. This is a direct reflection of the current status of the surveys and management programme (as summarised above). Whilst Dignity will have on-going maintenance costs on an ad hoc basis, material and/or specific costs are not anticipated.

Dignity has not received any claims in respect of exposure to asbestos in relation to any of its sites, but there can be no assurance that claims will not arise in the future.

Pensions

Certain of the Dignity employees participate in the Dignity Group's defined benefit pension scheme, the Dignity Pension and Assurance Scheme (the "**Pension Scheme**"). The Pension Scheme requires employer and employee contributions. The draft actuarial valuation of the Pension Scheme in April 2014 demonstrates a deficit of £1.0 million on an on-going basis. The Pension Scheme is now closed to new members.

Dignity has agreed with the trustees of the Pension Scheme to (i) make a lump sum payment to the Pension Scheme following receipt of the proceeds of the Additional Notes, in addition to the normal employer contributions being made to the Pension Scheme.

There can be no assurance that a deficit will not arise as it has done in the past or that employer contributions will not increase in the future. This is dependent on various factors, including the investment performance of the assets of the Pension Scheme and the basis on which the Pension Scheme's liabilities are calculated.

The following companies are currently employers in the Pension Scheme and are therefore directly responsible for its funding: DFL and D2002 ("**Employers**").

In addition, under the Pensions Act 2004, where an employer participating in a defined benefit pension scheme is "insufficiently resourced" (or a service company), it is possible for the Pensions Regulator to require that employer or any parties that it considers to be "connected" or "associated" with that employer to provide financial support for the relevant defined benefit scheme, by issuing a Financial Support Direction ("**FSD**"). This is a fact based test and requires no action or omission by the recipient, although it must be reasonable for the Pensions Regulator to impose a fine.

Furthermore, if any acts or omissions undertaken were determined by the Pensions Regulator to be materially detrimental to the Pension Scheme or to have the reduction or avoidance of an employer's pension scheme debt as a main purpose, the employer or any person determined to be connected or associated with that employer could be required to contribute to the Pension Scheme by issuing a contribution notice ("**CN**"). In order to conclude that any acts or omissions were materially detrimental, the Pensions Regulator must be of the opinion that the acts or omissions are detrimental to the likelihood of benefits being received by the members of the Pension Scheme. The Pensions Regulator must also conclude that it is reasonable to impose liability on the relevant person in the circumstances, and it has issued a code of practice setting out when it expects to use these powers. The Pensions Regulator has also issued guidance indicating that it will consider a number of factors when assessing material detriment, including (but not limited to): the amount by which the employer covenant is weakened; any reduction in the net asset value of the employer as a result of the event; the size of the pension scheme (for example, the value of the assets or number of members) and the amount of the pension scheme's relevant deficit. This is an event based test and includes a six year look back period.

It is therefore possible that the Borrower or any other member of the Securitisation Group could incur a liability as a result of being served with a financial support direction or contribution notice. Any liability would constitute an unforeseen financial outgoing and could result in the inability of the Borrower to meet its obligations under the Issuer/Borrower Loan or the inability

of the Obligors to meet their obligations under the Guarantee. However, any such liability would (i) be unsecured; and (ii) not be preferential; accordingly, the liabilities would rank behind the security granted by the Obligors over their assets. If the Security Trustee were to exercise its rights in respect of the security granted by a member of the Dignity Group over shares, it may first want to seek a clearance statement from the Pensions Regulator. This is because in exercising such rights the Security Trustee would potentially become a party connected to or associated with an employer in relation to the Pension Scheme, which may expose it to the risk of a contribution notice or financial support direction being issued against it by the Pensions Regulator. However, there would be no need for the Security Trustee to seek a clearance statement from the Pensions Regulator where the Security Trustee only exercises its security over assets (and not shares).

Under the Issuer/Borrower Loan Agreement, the Issuer, the Obligors and the Non-Obligors provide the Note Trustee with copies of any financial support direction, contribution notice or other notice received by any member of the Dignity Group from the Pensions Regulator pursuant to the Pensions Act 2004.

Taxation

UK Withholding tax in respect of the Notes, Issuer/Borrower Loan Agreement and Guarantee

In the event that withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, none of the Issuer, nor any other party is obliged to pay any additional amounts to Noteholders in respect of such withholding taxes or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of such withholding taxes.

The Issuer will, in the event of a withholding obligation being imposed in respect of payments of amounts due in respect of the Notes by reason of change of law, have the option of redeeming, in full, all outstanding Notes subject to and in accordance with Condition 8(d) (*Redemption, Purchase and Cancellation – Substitution/Redemption in Whole for Taxation Reasons*).

In the event withholding taxes are imposed in respect of any payment under the Guarantee or the Issuer/Borrower Loan Agreement, the Obligors or the Borrower (as the case may be) will be obliged to gross-up or otherwise compensate the Issuer for the lesser amounts the Issuer will receive as a result of the imposition of such withholding taxes. However, in such circumstances the Borrower will be entitled to prepay the Issuer/Borrower Loan in full, and the Issuer shall then be obliged to redeem the Notes.

United Kingdom Taxation Position of the Borrower and the other members of the Securitisation Group

Under current UK taxation law and practice, payments of principal to be made by the Borrower under the Issuer/Borrower Loan Agreement in respect of the Advance are not deductible for tax purposes. Unless a member of the Securitisation Group disposes of a capital asset without a material tax charge, and lends the proceeds thereof to the Borrower to repay such principal, it is necessary for the Borrower to fund payments of principal effectively out of the taxed income from the general operations of the Securitisation Group. The management of the Borrower believes that on a conservative basis the Borrower will receive sufficient amounts to enable full and timely repayments of principal and interest due under the Issuer/Borrower Loan Agreement but there can be no assurance of this. Further, there can be no assurance that taxation law and practice will not change in a manner (including, for example, a rise in the rate of corporation tax or a restriction of tax relief for interest payments) which would adversely affect the amount of post-tax income of the members of the Securitisation Group and therefore affect the Borrower's ability to pay amounts of principal under the Issuer/Borrower Loan Agreement.

As members of the Securitisation Group may in the future enter into certain material transactions where for current or future accounting periods, the UK tax treatment sought to be adopted by the relevant company has either not been agreed with HM Revenue & Customs or might have an adverse effect on the Securitisation Group's cash or assets, the Securitisation Group has agreed to certain restrictions on behaviour as well as to make contingency payments in certain situations,

so as to cover these possible risks. These restrictions and the requirements for the establishment, operation and release of any such amounts, are set out in the Issuer/Borrower Loan Agreement and Tax Deed of Covenant.

For example, where a company fails to discharge certain taxes due and payable by it within a specified time period, UK tax law imposes a secondary liability in certain circumstances for those overdue taxes on other companies which are or have been members of the same group or are or have been under common control with the company that has not discharged its primary liability to pay that tax. Various Obligor, as well as certain members of Dignity outside the Securitisation Group, have given a covenant in the Tax Deed of Covenant not to do anything and to procure that nothing is done which would result in such a secondary liability arising in relation to members of the Securitisation Group. In addition, certain members of the Dignity Group have agreed fully to indemnify an Obligor in the event of certain specific secondary tax liabilities arising to such Obligor.

Furthermore, covenants have also been provided to require any company which purchases shares currently owned by a member of the Dignity Group and as a result creates exposure of the Securitisation Group to certain secondary tax liabilities, to enter into suitable documentation to mitigate the possibility of such liabilities, including if applicable the accession of such company to the Tax Deed of Covenant in a form satisfactory to the Security Trustee.

Certain assets and shares currently owned by members of the Securitisation Group do not have an identifiable base cost for the purposes of capital gains tax. However, such assets and shares will be subject to the security described herein. Accordingly, disposals of such assets are subject to the satisfaction of various requirements, which include identification of the likely resultant liability to UK tax (if any) upon disposal, and suitable provision being made therefor.

The Securitisation Group companies, including the Borrower (but for the avoidance of doubt excluding the Issuer), are not currently required to adopt "FRS 26 (IAS 39) Financial Instruments: measurement" ("**FRS 26**") in their solus financial accounts and are not expected to be required to adopt FRS 26 prior to the requirement to transition to a new GAAP. The Financial Reporting Council ("**FRC**") which took over the role of issuing accounting standards from the Accounting Standards Board ("**ASB**") in July 2012, issued these new Financial Reporting Standards in November 2012 (FRS 100 and 101) and March 2013 (FRS 102), and these will be effective for periods beginning on or after 1 January 2015, but may be adopted early for accounting periods ending on or after 31 December 2012.

It was noted previously by HM Revenue & Customs that they did not view the introduction of the International Financial Reporting Standards ("**IFRS**") as superseding the existing UK GAAP reporting framework as a "revenue generating exercise". Notwithstanding this comment from HM Revenue & Customs, the impact on the current tax charge of the Dignity group entities on the adoption of IFRS, FRS 101 – Reduced Disclosure Framework or FRS 102 – The Financial Reporting Standard ("**New UK GAAP**") is unclear at present.

Pre-arranged trusts

HM Revenue & Customs completed an in depth review of the taxation basis of the pre-arranged funeral companies, APL, DSL and DPL in 2003. This provided confirmation, in the view of the Obligor, that as in the years up to and including the accounting period ended 31 December 2001, HM Revenue & Customs was willing to accept that the three companies are subject to tax in respect of income arising from the pre-arranged trusts in accordance with the basis on which the income is recognised in the companies' hands for accounting purposes.

The conclusion of this enquiry also reaffirmed that the income of the pre-arranged trusts is to be subject to tax in the hands of the pre-arranged companies only (and not in the hands of the prearranged trusts themselves). This is in accordance with the taxation treatment previously agreed between the pre-arranged companies and the Charities and Trust Division of HM Revenue & Customs in 1996.

HM Revenue & Customs also enquired into the taxation position of one of the pre-need companies in respect of their 2005 tax return. This enquiry closed with agreement from HMRC that an appropriate basis of taxation had been adopted.

The basis of taxation adopted in the accounting period ended 31 December 2001 has been adopted in all subsequent accounting periods to 27 December 2013 and is expected to continue in future accounting periods. Further to agreement reached with HM Revenue & Customs noted above, there is no indication that HM Revenue & Customs intend to change their approach in this area. However, a change in the accounting policies of APL, DSL or DPL, whether imposed by new accounting standards or resulting from a change in interpretation of existing accounting standards, or in taxation law and/or practice and/or application of such by HM Revenue & Customs to these trusts could adversely affect the taxation position of Dignity, the pre-arranged companies and/or the pre-arranged trusts.

With regard to the UK Inheritance Tax position of the pre-arranged trusts, Dignity received a tax legal opinion in 1999 confirming that no inheritance tax can be attributed to the Trust for Age Concern Funeral Plans and the National Funeral Trust. To date, HM Revenue & Customs has not raised any queries concerning the inheritance tax position of any of the pre-arranged trusts.

U.S. Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by Euroclear and Clearstream, Luxembourg (see *Taxation – U.S. Foreign Account Tax Compliance Withholding*). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for Euroclear and Clearstream, Luxembourg (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of Euroclear and Clearstream, Luxembourg and custodians or intermediaries.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional

withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

4. **Risks relating to the Mortgaged Properties**

Title

The Mortgaged Properties, or certain of them, may need to be sold should it prove necessary to enforce the security for the Issuer/Borrower Loan.

In April 2003, the Borrower's solicitors, DLA Piper UK LLP (in England) and Ledingham Chalmers (in Scotland), issued reports on title in respect of a random sample (around 8% by number) of the Dignity Group properties at that time and re-issued these reports in March 2004. DLA Piper UK LLP and Ledingham Chalmers also investigated title and issued reports on title to the Security Trustee in February 2006 in respect of a further random sample (around 4% by number) of the then Dignity Group properties which had not been included in the previous random sample in April 2003.

These reports on title confirmed that, so far as concerned the sampled properties in England, all were legally and beneficially owned by DFL, which was registered as having title absolute (the most marketable form of title, which carries a state guarantee) in respect of all such properties, save for a part of one freehold property and four leasehold properties which were registered with possessory and good leasehold title respectively (which means they were subject to any adverse interests that may have existed pre-registration).

The reports on title also confirmed that, relation to the six sample properties in Scotland, five were owned by DFL, (the other being owned by a subsidiary company within the Dignity Group), and five were registered in the Land Register of Scotland without exclusion of indemnity (i.e. they carried the state guarantee).

In February 2006, full certificates of title were also obtained from DLA in respect of all the (then) 19 English crematoria and in respect of the (then) 3 Scottish crematoria owned by the Obligors and which in each case indicated that the Obligors had good and marketable title.

With respect to non-investigated properties, there is a risk that the Obligors may not have good title to some funeral home/depot properties (that might be considered for sale if proved necessary to enforce the security), as title to all of the properties was not investigated when Dignity Services was the subject of the management buy out in February 2002. However, since April 2003, there has been a requirement in respect of all properties acquired by any Dignity Group company within the Securitisation Group (with the exception of lease renewals and (since September 2010) with the exception of Exempt Property Transactions), that a report on title be obtained from DLA Piper (UK) LLP, DLA Piper (Scotland) LLP or (until December 2009) McClure Naismith/Ledingham Chalmers (in Scotland) or Carson McDowell (in Northern Ireland) confirming that the relevant Dignity Group company was acquiring a good and marketable title to such property.

Exempt Property Transactions (where a report on title is not required) include Consented Leasehold Properties (subject to a limit of 60 in any year) being rack rent leases for a term not exceeding 15 years with an aggregate rental for the first five years of less than £125,000 and

Consented Freehold Properties (subject to a limit of 10 in any year) and which are freehold/long leasehold acquisitions where the consideration/purchase price is less than £75,000.

245 properties have been acquired since April 2003, and of these some 76 were small satellite locations and which generally were Exempt Property Transactions. All such satellite locations where registrable, have been registered at the Land Registry with leasehold title absolute (being the best class of leasehold title) save for one where good leasehold title was given.

In connection with the renewal of leases of Dignity Group properties completed since April 2003 (and it is estimated that there have been at least 200 such renewals), all leases in England and Wales granted for a term of more than 7 years are now subject to compulsory first registration at the Land Registry. As a result, some 287 short leases are now registered at the Land Registry in England and Wales and 5 in the Northern Ireland Land Registry and (save for one) DFL is the registered proprietor. In Scotland, leases of a duration of less than 20 years and one day are not registered in the Land Register of Scotland.

The exception to the above is 51 Ladies Mile Road, Brighton where Derriman & Haynes Funeral Services Limited is the tenant/registered proprietor of the Properties is Dignity Funerals Limited.

Assignability

With respect to one of the leasehold crematoria, Hawkinge, no sale of the lease may be effected unless it is first offered for surrender to the landlord and three months have elapsed after the lease is so offered. As the lease is within the security of business tenure provisions of the Landlord and Tenant Act 1954, the right to take up the surrender is unenforceable which means in practice that a sale of the lease to a third party (including on enforcement of the security over the lease) is necessarily delayed for three months after the offer to surrender is made.

All of the other leasehold/long leasehold crematoria (excluding, for the avoidance of doubt, the crematorium at Rotherham run on an operating contract/licence) may be sold with the consent of the landlord (such consent not to be unreasonably withheld or delayed although in some cases subject to conditions). No assurance can be given that consent would be given, however it is unlikely that consent would not be given, as the landlord cannot lawfully refuse to accept a suitable and reasonably creditworthy and competent new tenant.

With regard to the funeral homes/depots, four of the leasehold properties are subject to offer-back requirements as in the case of Hawkinge crematorium. In the case of two of them, the assignability analysis is the same but, in the case of the other two (since they are Scottish leases), the right to take up the offer to surrender is enforceable. The surrender would be on the same terms (including as to price) as agreed with the proposed third party assignee.

Power of Sale under Mortgages

In order to sell the Mortgaged Properties on enforcement of security, a valid, first ranking registered legal charge (or in Scotland, a valid first ranking registered or recorded standard security or, in relation to unregistered leases in Northern Ireland, a first ranking legal mortgage) is the best form of security. Apart from short leasehold properties in Scotland where standard securities are not permitted, personal licence agreements for garages or ancillary residential accommodation, a valid, first ranking registered charge or mortgage or standard security is in place or in the process of registration at the Land Registry or the Registers of Scotland save for:

- a funeral home that was subject to an existing mortgage in favour of a third party who had refused consent for a second charge in favour of the Security Trustee (this charge has now been repaid and a legal charge will therefore be given by the Obligors upon discharge of such charge at the Land Registry but the holder of the first registered charge cannot be found so pending this a unilateral notice is registered at the Land Registry to protect the charge);
- Charnock Richards Crematorium and Moray Crematorium where the long leasehold and leasehold interests in the case of Charnock Richards and the heritable interest in the case of Moray are subject to overage provisions requiring payment of overage in the event of

the property ever being redeveloped for an alternative use and which are protected by an equitable legal charge (or in Scotland, a standard security);

- Wyre Forest Crematorium where Dignity hold a lease from a Dignity Group Company outside of the Securitisation Group where the charge is awaiting registration pending a deed of covenant by the Security Trustee with a former owner not to dispose of the property if it is required to do so under the power of sale without obtaining a covenant from the new owner not to use the Property otherwise than as a crematorium;
- the reversionary interest in a non-operational property let to unconnected third parties under long leases; and
- a freehold funeral home in Bridlington where the registration of the charge at the Land Registry is delayed pending first registration of part of the property as the deeds have been lost by the previous owner.

Forfeiture of Leases

All leasehold properties (whoever the owner) are liable to forfeiture (or irritancy in Scotland) for breach of tenant's covenants (or obligations in Scotland). With regard to the leasehold crematoria, in the case of six forfeiture can also occur if the tenant becomes insolvent. However, in relation to four of these it is necessary for the landlord to show, in addition, that the tenant is in material breach of covenant or that the relevant crematorium has not been operational for a significant period of time. One crematorium (being the lease of the crematorium at Weston-Super-Mare) is linked to a service contract with the landlord (the local council), which is terminable upon the insolvency of the tenant. As to the remaining long leasehold crematorium (North Lanarkshire), the irritancy provisions provide, in the case of a breach, non observance or non- performance of a lease obligation capable of being remedied albeit late, the landlord shall not be entitled to exercise any option of irritancy available to it unless it shall have given written notice to the tenant and any holder of a fixed security over the tenant's interest requiring the breach to be remedied within such reasonable period as shall be provided in the notice which in the case of non-payment shall be 6 months and for notice to be served on holders of any standard security and any insolvency practitioner in the case of liquidation, receivership or administration allowing a period of at least 12 months in which to dispose of the tenant's interest in the lease.

Forfeiture on insolvency rights also exist in one long leasehold funeral home/depot and the majority of the short leasehold funeral homes/deposits, which in the case of the short leaseholds is entirely market practice (although, for all new short leases granted since April 2003, Dignity has been under an obligation to use reasonable endeavours to remove the right of the landlord upon the appointment of a receiver). Forfeiture of a lease entails the cessation of the business carried out at, and vacation of, the premises in question.

On forfeiture of a lease in relation to English and Welsh properties, both the tenant and its mortgagee may apply to court for relief from forfeiture.

On irritancy of a lease in relation to Scottish properties, the landlord is required to apply to the court to recover possession. The court must make such an order if there are arrears of rent, ***provided that*** certain statutory criteria are met, and there is no relief available in these circumstances. In the case of breach of any other obligation of the lease the court will only make such an order if it believes that the landlord is acting reasonably in demanding irritancy. In the case of a tenant going into administration, it should be noted that a landlord cannot irritate a lease without leave of the court.

An analysis of case law suggests that forfeiture in these circumstances is more likely in Scotland than it would be in England and Wales. In either case, it is likely that a court would require the landlord to demonstrate a more significant level of breach in relation to a long leasehold than it would in relation to a short leasehold.

With regard to all leases entered into by Dignity since April 2003, Dignity has been under an obligation to only enter into leases containing a provision requiring the landlord to give not less than 14 days prior written notice to the tenant before exercising any right to forfeit or irritate the

lease and with regard to all statutory lease renewals since April 2003, Dignity has been under an obligation to use reasonable endeavours to include such notification requirement in the lease.

Forfeiture for historical breach of restrictions on charging

The Obligors were in breach of restrictions on charging their interests in 10 leasehold properties (of which one was long leasehold), by virtue of having charged all their property interests to the Security Trustee on 20 December 2002, where such lease either prohibited the granting of any mortgage or charge absolutely or in the case of the one long leasehold required landlords to charge and the landlord was unknown. Since then 8 of those leases have expired and not been renewed, or been renewed and charging is now permitted by the lease, or consent obtained.

Since April 2003 it has been a requirement that the Dignity Group does not enter into any new lease unless it is freely chargeable and/or consent to charge has been obtained.

Forfeiture for breach of restrictions on charging on the Closing Date

On the Closing Date, DHL and DHFS will grant supplemental security over the DHL/DHFS Mortgaged Property in favour of the Security Trustee to secure any new Obligor Secured Liabilities which may accrue or arise as a result of the amendment and restatement of certain Obligor Transaction Documents on the Closing Date including, without limitation, the Issuer/Borrower Loan Agreement. Approximately 40 of the DHL/DHFS Mortgaged Properties are short leasehold properties and 2 are long leasehold properties where consent is required from the landlord before any charge or mortgage can be registered at the Land Registry in respect of such property as such consent will be required in respect of the DFL/DHFS Mortgage Properties. The respective landlords are subject to a contractual obligation not to unreasonably withhold any request for consent. In addition, landlord consent to the charges and mortgages granted in favour of the Security Trustee prior to the Closing Date was previously given in respect of these properties. Four of the DHL/DHFS Mortgaged Properties are short leasehold properties containing an absolute prohibition against charging. Whilst landlord consent to the charges and mortgages granted in favour of the Security Trustee on the Closing Date was provisionally given in respect of 2 of these mortgaged properties, such consent will be required in respect of the DFL/DHFS Mortgage (as defined below) and there is no obligation or requirement on the landlord to give this.

Mitigants to Forfeiture Risk

Dignity considers also that the following mitigants exist in respect of forfeiture rights generally:

- (i) in the case of crematoria in England only, the landlord will need to ensure that provision for cremations locally is made; it is unlikely, therefore, that forfeiture would be sought save in the clearest cases of material breach or lengthy shutdown;
- (ii) in the case of funeral locations held on short leases, in the absence of a subjective reason for wanting the property back, there is little commercial incentive for the landlords to forfeit the leases ***provided that*** rental payments continue to be made, as such properties are typically secondary commercial properties priced at or near market rates, in locations where there are generally a number of similar unlet alternative properties and the commercial power lies with the tenant; in 2012 Dignity indicated that the aggregate annual rent for all short leasehold properties had in recent years been less than 4% of the operating group's revenues; and
- (iii) in the case of the long leasehold funeral home/depot properties in England, in considering an application for relief from forfeiture, the court will consider the nature and gravity of the breach in relation to the value of the property and may favour the tenant, save in the case of a substantial unremedied breach of covenant.

Compulsory Acquisition

Any property in the United Kingdom may at any time be acquired by a local authority or government department generally, in connection with any proposed redevelopment or infrastructure project. In the event of a compulsory purchase order being made in respect of a

property, compensation would be payable on the basis of the open market value of all owner and tenant interests in the property at the time of its compulsory acquisition. The amount of compensation received may be inadequate to compensate for the loss of cashflow from the business carried out at the Mortgaged Property. There may also be a delay between the compulsory purchase and the payment of compensation.

Only one funeral location is currently subject to a compulsory purchase order (but which will only affect part of the property, a non-essential part).

As to Dignity's head office, a possible road widening scheme would result, if put into effect, (although it was proposed many years ago and is believed to be "historic") in the compulsory purchase of part of the car park to the building of which the premises are part and therefore in a reduction in the number of available car parking spaces. However, the landlord covenants in the lease to provide suitable alternative spaces at no cost if this should occur.

Planning

Breach of planning conditions or regulations can result in the use of the relevant property being compulsorily discontinued and/or the removal of offending buildings.

There are no enforcement actions ongoing or threatened with regard to any of Dignity's properties and the only material planning consideration is a review into the ability of Dignity to continue the practice of shallow burial of ashes at one location which has been the practice for in excess of 10 years.

Mortgagee in possession liability

The Security Trustee, on taking enforcement action in relation to the English and Northern Irish Mortgaged Properties, may be deemed to be a mortgagee in possession and, in relation to the Scottish Properties, may be deemed to be a heritable creditor in possession. A mortgagee is deemed to be a mortgagee in possession or a heritable creditor in possession if the mortgagee takes actual possession of the Mortgaged Properties or otherwise exercises management and control of the Mortgaged Properties which may amount to possession. As a mortgagee or heritable creditor in possession, the Security Trustee could incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner.

The Security Trustee has a right to be indemnified for such liabilities in priority to payments due on the Notes.

Environmental Risks

Dignity is required to comply with various European, United Kingdom and local environmental laws and regulations relating to protection of the environment and health and safety matters, including those described below.

Liabilities for alleged or actual non-compliance with environmental and health and safety laws and regulations could have an adverse effect on its business or financial condition.

Crematoria Sites

In January 2002, Dignity engaged environmental consultants to assess and produce full reports on ten of its (then) 21 crematoria sites for the purposes of identifying potential environmental liabilities.

In December 2002, desktop environmental searches were undertaken in relation to the (then) remaining eleven crematoria for the purposes of identifying any potential environmental risks.

With regard to crematoria acquired since 2002, either desktop reviews, or where Dignity have been carrying out or procuring the construction of the crematoria, more extensive environmental/ground condition reports have been undertaken the results of which confirmed

that, in respect of all but one crematoria (where liability sits with a third party) that there are no material environmental risks.

Crematoria emissions

On-site processes at crematoria sites can result in emissions of air pollutants such as mercury and dioxins and this is subject to the "Process Guidance Note 5/2(12) - Statutory Guidance for Crematoria. February 2012", which prescribes processes for air pollution control by local enforcing authorities.

In December 2005, Dignity engaged environmental consultants to assess the implications of APC legislation on the operation of its crematoria. The reports consider Guidance PG 5/2(04) (which has now been replaced by Guidance Note 5/2(12)), which indicates, among other things, that (i) 50% of all cremations at existing crematoria are to be subject to mercury abatement, which will involve the fitting of an APC unit, in order to reduce mercury and dioxin emissions, principally from dental fillings of human remains, and (ii) the crematoria may be allowed to "burden share", which would mean that Dignity could share the cost of fitting abatement fitted to other sites, as long as a national mercury reduction of 50% is achieved. This meant that Dignity was not necessarily required to install abatement to its own sites. The deadline for installation of the necessary abatement was 31 December 2012.

If the industry did not achieve the 50% abatement target (and it is still not clear whether this target was achieved), it is likely that legislation (according to industry expectations) will be introduced that will force any crematorium performing in excess of 2,000 cremations per annum to install APC units.

It should be noted that the implementation of the provisions of the Environmental Protection Act 1990 were funded by most crematoria through adjusting the price of cremations and that any changes in APC legislation would be industry-wide and should therefore not affect Dignity's competitive position.

Funeral Locations

Whilst funeral locations do not generally raise particular environmental concerns, as they tend to be located in urban conurbations, certain locations may once have had garages/workshops with petrol tanks.

Disused underground petrol tanks are likely to have released fuel to ground and there is a risk that fuel may have migrated off-site onto third party property. In January 2002 the environmental consultant assessed 23 properties within Dignity's funeral home portfolio that were known to have had fuel storage tanks.

Of the 23 properties reviewed, the environmental consultant report concluded that three had a high risk of petrol being present underneath on-site buildings, nine had a high risk of petrol being off-site and four had a high risk of it being present under neighbouring buildings.

The environmental consultant report stated that there did not appear to be any immediate remedial liabilities, with the exception of slurry filling the tanks of one site, at a cost of £1,500. The report found that it was very unlikely that petrol was continuing to migrate and that it probably remained static. However, despite identifying these risks, the environmental consultant estimated the likely total contingent liability associated with these storage tanks at around £770,500 based on the likely cost of removing the contamination from the ground and the potential for third party compensation claims in the event of offsite migration under third party land. Liability costs could be higher for a significant release resulting in migration underneath a third party building. This assumed complete removal of any liability over a period of 20 years. There can be no assurance that actual costs will not exceed this estimate. It should be noted that under current legislation no removal requirement in respect of fuel storage tanks exists unless the petroleum based hydrocarbons are causing harm.

Since January 2002, any storage tanks on newly acquired properties are de-commissioned as soon as practicable following their discovery.

Construction risks

As part of the development and building of new crematoria and cemeteries, and the refurbishment and upgrading of existing crematoria (whether owned by the Dignity Group or operated by it under licence or operating contract), there is a need to enter into development agreements with landowners, councils and developers containing obligations on the relevant Dignity Group company to carry out or procure the carrying out of the required works. The relevant Dignity Group company, in turn, may enter into building contracts (at arm's length and properly tendered) for the carrying out of the construction work, and to assume all the building/construction obligations, but there is a potential risk of the building contractor failing to perform (or being unable to perform) its obligations, which would mean that the Dignity Group company would have to procure a new contractor possibly at an increased build price. The Dignity Group seeks to mitigate such risks in the building contract by a careful selection of the building contractor, or by entering into a development agreement with a developer whereby the developer agrees to procure the construction for a fixed price. Save for minor items, or items dealt with by the building contractor as part of its defects liability obligations (and for which in one case a retention is still held) the Dignity Group has experienced no construction issues or material concerns with regard to the crematoria recently constructed or being refurbished/upgraded.

Renewal of Leases

With regard to leasehold properties, whilst those in England and Wales and Northern Ireland are occupied at the expiration of the term for the purpose of a business, they will be protected by the Landlord and Tenant Act 1954 in England and Wales (and in Northern Ireland the Business Tenancies (Northern Ireland) Order 1996) and which (subject to compliance with the requirements of such Act and Order) gives the tenant certain rights to renew. This can be avoided by a landlord if they are proposing to use the property for their own use or require vacant possession for redevelopment. Although compensation is payable by the landlord (and the ground for refusal to renew may need to be proven in court) this would not fully compensate Dignity for the lost business/goodwill/costs of relocating. In Scotland there is no equivalent to the Landlord and Tenant Act 1954, and if a landlord requires possession of the property when the contractual term of the lease expires it needs only to give not less than 40 clear days notice before the term expiry date (assuming that the relative lease was granted for more than one year). If it fails to do so then the lease will continue/roll over for a further year (on the same terms). Dignity seeks to mitigate this potential risk by approaching landlords in advance of the lease expiry to discuss renewals in Scotland and by monitoring lease expiry dates.

5. Other Risks Relating to the Transaction Structure

Insolvency Considerations

Indebtedness to Third Parties

As part of a re-organisation of Dignity in anticipation of the securitisation in April 2003, certain assets were transferred to DFL by other Dignity companies, which were not Obligors, prior to the Initial Securitisation Closing Date. No cash consideration was paid for the transfers, but the transfers gave rise to inter-company indebtedness between DFL and the transferee companies in an amount equal to the value of the assets transferred. Most of the transferee companies subordinated their claims to the claims of the Obligor Secured Creditors and agreed not to commence insolvency proceedings against DFL while the Senior Debt is outstanding by entering into the Dormant Company Subordination Deed on or before the Initial Securitisation Closing Date.

However, some of DFL's creditors have not entered into subordination and non-petition arrangements with DFL. An aggregate total of £721,485 is currently owed to such parties. There can be no assurance that these creditors will not seek repayment of their debt or that, if DFL did not pay such sums, those creditors would not attempt to commence Insolvency Proceedings against DFL.

Certain other unsubordinated indebtedness of Obligor is also permitted under the Transaction Documents. Please see "*Description of the Principal Obligor Transaction Documents – The Issuer/Borrower Loan Agreement*" for a definition of "*Permitted Financial Indebtedness*".

Changes in the Law Relating to Administrative Receivership – The Enterprise Act 2002

Prohibition on appointment of administrative receiver

The Insolvency Act restricts the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead gives primacy to collective insolvent procedures (in particular, administration).

The Insolvency Act contains provisions that allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception (the "**capital markets exception**") provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and if the arrangement involves the issue of capital market investment (also defined in the Insolvency Act, but generally rated, listed or traded debt instruments). Whilst there is as yet no case law on how the capital markets exception will be interpreted, subject to certain factual assumptions being true, it would be applicable to the floating charges created by the Borrower Chargors and assignments by way of security to the Security Trustee under the Borrower Security Documents and the floating charges created by the Issuer and assignments by way of security to the Note Trustee under the Issuer Security Deed.

The UK Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described herein, will not be detrimental to the interests of the Noteholders.

Recharacterisation of Fixed Security Interest over the Transaction Accounts and Revenues

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents could take effect as floating charges as the description given to them as fixed charges is not determinative.

Where the chargor is free to deal with the secured assets without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Security Trustee (or, in the case of the Issuer Transaction Account, the Note Trustee) has the requisite degree of control over the chargors' ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Security Trustee (or, in the case of the Issuer Transaction Account, the Note Trustee) in practice.

Due to the restrictions placed upon the respective chargors' ability to deal with the Issuer Transaction Account, the Loan Payments Account, the Crematorium Reserve Account, the Funeral Home Reserve Account, the Principal Reserve Account and the Upgrade Reserve Account (the "**Specific Accounts**"), it is likely that the security over those accounts would be upheld as fixed security interests.

However, there remains a risk that the security interest may be recategorised as a floating charge if a court considers that a standing consent to (1) withdraw moneys pursuant to the relevant priority of payments or, as the case may be, (2) to release monies for an acquisition if it is satisfied that certain pre-agreed conditions in relation to the proposed acquisition have been met at the time constitutes an insufficient degree of control being exercised by the Security Trustee (or, in the case of the Issuer Transaction Account, the Note Trustee) over the Specific Accounts.

Due to the more limited nature of the restrictions placed on the chargors' operation of the Operating Accounts, the Restricted Payments Account, the Capex Reserve Account, the Elective Capex Account and the Special Capex Account, there is a high degree of risk that the security granted in respect of these accounts and all book debts of the chargors will take effect as floating charge security only.

Share of floating charge assets for unsecured creditors

Section 176A of the Insolvency Act, provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of unsecured debts in priority over floating charge holders. A company's "net" property for this purpose is the portion of a company's property which would otherwise be available to satisfy the claims of floating charge holders or holders of a debenture secured by a floating charge. As at the date of this Prospectus, the "prescribed part" has been set at 50% of the first £10,000 of a company's net property and 20 of the net property that exceeds £10,000 up to a maximum of £600,000. The liquidator, administrator or receiver may disapply this rule without application to the court in respect of the company if it believes that the cost of making a distribution to unsecured creditors would outweigh the benefits.

To the extent that the Issuer's and the Obligors' assets are subject to fixed charges, such assets will be outside the Issuer's or the relevant Obligors "net property". However, to the extent that the Issuer's or an Obligor's assets are subject only to a floating charge, the provisions of section 176A of the Insolvency Act would result in the prescribed part of the assets which would otherwise be available to satisfy the claims of the Secured Creditors being used to satisfy the claims of unsecured creditors.

Terms Relating to the Notes

Obligations Ranking Ahead of the Notes

Although the Note Trustee holds the benefit of the security interests created under or pursuant to the Issuer Security Deed on trust for, among others, the Noteholders, such security interests are also held on trust for certain third parties that will rank ahead of the Noteholders (see "*Ranking of the Notes*" and "*Description of the Issuer Transaction Documents – The Issuer Security Deed*" below).

Issue of Further Notes

In certain circumstances and subject to certain conditions being met (as described in Condition 20 (*Further and New Note Issues*) above), the Issuer will be entitled to issue Further Notes forming a single series with the Class A Notes or the Class B Notes.

Ranking of the Notes

Payments of interest on the Class A Notes (including any Further Class A Notes) will rank *pari passu* between themselves and before repayments of principal thereon. Repayments of principal and payments of interest on the Class A Notes will be made both prior to and following enforcement of the security granted by the Issuer in priority to repayments of principal and payments of interest on the Class B Notes but subordinate to, among other things, payments of fees, remuneration and expenses of, the Note Trustee and of any appointee of such persons, fees and expenses of the Paying Agents, the Agent Bank, the Cash Administration, the Issuer Account Bank and to principal, interest, commitment fees and expenses due to the Liquidity Facility Provider under the Liquidity Facility Agreement (see further "*Description of the Issuer Transaction Documents - The Issuer Security Deed*" below).

Conflicts of Interest

The Trust Deed requires the Note Trustee to have regard to the interests of all the Noteholders (so long as any of the Notes remain outstanding) as regards all powers, trusts, authorities, duties and discretions as if they formed a single class (except where expressly required otherwise). The Trust Deed requires that, in the event of a conflict between the interests of any class of

Noteholders, the Note Trustee shall have regard to the interests of the holders of the Most Senior Class of Notes then outstanding. To the extent that the Most Senior Class of Notes is comprised of one or more subclasses, and there is a conflict between the interests of the holders of such subclasses, the Note Trustee shall have regard to the interests only of the holders of the Notes of the subclass with the greatest Principal Amount Outstanding whilst they remain outstanding.

Subject thereto and for as long as any of the Notes are outstanding, the Note Trustee shall not be bound to take any such step, proceeding or other action unless:

- it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith; and
- it shall have been directed or requested to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or in writing by the holders of at least 25% in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding.

Certain modifications may be made without Noteholder consent

The Conditions and the Trust Deed provide that the Note Trustee may, from time to time and at any time, without any consent or sanction of the other Issuer Secured Creditors, consent to or waive any breach or proposed breach of, or agree in making any modification to any of the covenants or provisions of the Conditions or any Issuer Transaction Document or Transaction Documents to which it is a party or over which it has security or in respect of which it is required or entitled to instruct the Security Trustee or give its consent to any event, matter or thing, if (a) (other than in respect of any Basic Terms Modification or any provisions of the Trust Documents (as defined in these Conditions) referred to in the definition of Basic Terms Modification) in its sole opinion the interests of the holders of the Most Senior Class of Notes would not be materially prejudiced thereby, or (b) in its sole opinion such modification is required to correct a manifest error or is of a formal, minor, administrative or technical nature or is necessary or desirable for the purposes of clarification, or (c) it is permitted, subject to the satisfaction of specified conditions, under the Conditions or the terms of any Issuer Transaction Documents and such conditions are satisfied, or (d) the Rating Test is satisfied.

The Security Trust Deed provides that the Security Trustee (acting on the instructions of the Note Trustee but otherwise without reference to the Obligor Secured Creditors) may from time to time and at any time, consent to or waive any breach or proposed breach of, or agree in making any modification to, any of the covenants or provisions of the Transaction Documents (other than in respect of any changes to the Borrower Priority of Payments (where consent of all the Obligor Secured Creditors is required) or in respect of any proposal to increase the amount of Working Capital Facility above £5 million (where the consent of the Liquidity Facility Provider, the Working Capital Facility Provider and all the Obligor Secured Creditors ranking below the Working Capital Facility Provider in the Borrower Priority of Payments is required), or the Issuer Transaction Documents) or give its consent to any event, matter or thing, if (a) in its opinion the interests of the Instructing Creditor would not be materially prejudiced thereby, (b) in its opinion such modification is required to correct a manifest error or is of a formal, minor, administrative or technical nature or is necessary or desirable for the purposes of clarification, (c) it is required or permitted, subject to the satisfaction of specified conditions, under the terms of any Transaction Document and such conditions are satisfied, or (d) the Rating Test is satisfied.

In addition, the Conditions provide that in certain circumstances, subject to certain conditions being met, the Note Trustee shall be obliged, without the consent of any Noteholders or any other Issuer Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Trust Deed, the Conditions, any Transaction Document or any Issuer Transaction Document (to which it is a party or over which it has security or in respect of which it is entitled to instruct the Security Trustee). Similarly, in certain circumstances and subject to certain conditions being met, the Security Trustee shall be obliged, without the consent or sanction of any Obligor Secured Creditor or any other secured creditor (but in the case of the matters summarised in (i) to (iii) below, subject to receiving instructions from the Note Trustee, in accordance with the Conditions) to concur with the Instructing Creditor in making any

modification (other than a Basic Terms Modification) to any Transaction Document or any Issuer Transaction Document to which it is a party or over which it has security.

These modifications include those required in order to (i) comply with, implement or reflect any change in the criteria of one or more Rating Agencies; (ii) enable the Issuer Account Bank, Obligor Account Bank, Liquidity Facility Provider or the Working Capital Facility Provider to remain eligible to perform their respective roles in conformity with Rating Agency criteria or to avoid such entities having to take action (which they would otherwise have to take) to enable them to continue performing such role; and (iii) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange.

In respect of proposed modifications to any Transaction Document or any Issuer Transaction Document or any document relating to the matters summarised in (i) to (iii) above, the Note Trustee is bound to concur or provide its consent (as the case may be) ***provided that*** the Conditions set out in Condition 15(c) (*Modification, Consents and Waivers – Additional right of modification*) and (d) (*Modification, Consents and Waivers – Conditions to additional right of modification*) including, without limitation, that the proposed modification would not adversely affect the current ratings of the Notes (and the Note Trustee may rely on certifications to that effect from the Issuer) and the Issuer has provided, *inter alia*, at least 30 calendar days' notice to the Noteholders of each relevant Class and Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not notified the Issuer and the Principal Paying Agent to inform them that such Noteholders do not consent to the modification.

If Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not notified the Issuer and the Principal Paying Agent that such Noteholders do not consent to the modification, the Note Trustee will be bound to concur with the Issuer (or provide its consent for the Security Trustee to concur with the Instructing Creditor) to implement such modification. In this regard, Noteholders of the Most Senior Class will have to take active steps to notify the Issuer and the Principal Paying Agent of any objections to proposed modifications in the manner described in the Conditions.

Neither the Note Trustee nor the Security Trustee will be obliged to agree to the modifications outlined above, if that would in the sole opinion of the Security Trustee and/or the Note Trustee have the effect of exposing either entity to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or increasing its obligations or duties, or decreasing its rights or protections in the Transaction Documents.

Any modifications made in the manner described above will be binding on all Noteholders, including Noteholders who are not the Most Senior Class of Noteholders. Noteholders who are not the Most Senior Class of Noteholders will not be entitled to object to, or vote on, any proposed modification. There is no guarantee that any modification to the Transaction Documents will not ultimately adversely affect the rights of Noteholders or payments on the Notes.

Ratings of the Notes

The ratings assigned to the Notes by the Rating Agencies reflect only the views of the Rating Agencies.

The ratings address the likelihood of full and timely payment to the Noteholders of all payments of interest on each Interest Payment Date and ultimate payments of principal on the Notes. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn by the Rating Agencies as a result of changes in, or unavailability of, information or if, in the Rating Agencies' opinion, circumstances so warrant. Rating agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such unsolicited ratings may impact the market value of the Notes. Such unsolicited ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein and other factors which may affect the market value of the Notes. For

the avoidance of doubt and unless the context otherwise requires, any reference to "ratings" or a "rating" in this Prospectus are to ratings assigned by the Rating Agencies only.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a CRA established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered CRA or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Ratings confirmations and affirmations

The terms of certain of the Transaction Documents require that certain actions proposed to be taken by the Issuer, the Borrower, the Obligors and certain other parties to the transaction documents may not proceed unless a ratings confirmation or affirmation is received.

A written ratings confirmation or affirmation by a Rating Agency (which would satisfy the requirement of a ratings confirmation or affirmation from that Rating Agency) may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a written ratings confirmation or affirmation in the time available or at all, and the Rating Agency should not be responsible for the consequences thereof.

Certain Rating Agencies have indicated that, as a matter of policy, they will no longer provide written ratings confirmations or affirmations.

A ratings confirmation or affirmation from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A ratings confirmation or affirmation provided by a Rating Agency represents only a restatement of the opinions given by that Rating Agency as at the relevant date and cannot be construed as advice for the benefit of any parties to the transaction.

To the extent that a ratings confirmation or affirmation cannot be obtained, whether or not a proposed amendment, action, determination or appointment will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents.

The Transaction Documents provide that, in the circumstances where there is a requirement to obtain a ratings confirmation or affirmation, such obligation (and equivalent reference in this Prospectus) shall be construed to be fulfilled if the Issuer (in respect of any Issuer Transaction Document) or the Borrower (in respect of any Obligor Transaction Document) as applicable: (a) obtains from each of the Rating Agencies confirmation in writing (in such form as may be permitted by the current policy of each Rating Agency from time to time) or, where it has been unable to obtain written confirmation, obtains oral confirmation from an appropriately authorised person at each of the Rating Agencies, that such modification, amendment, waiver or consent would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on "credit watch negative" (or equivalent) and delivers a copy of any such written confirmation to the Note Trustee and the Security Trustee or notifies the Note Trustee and the Security Trustee in writing of any such oral confirmation; or (b) certifies in writing to the Note Trustee and the Security Trustee that it has notified the Rating Agencies of the proposed modification, amendment, waiver or consent requested and (i) in its opinion, formed on the basis of due

consideration, such modification, amendment, waiver or consent requested would not result in; and (ii) neither of the Rating Agencies has indicated that the proposed modification, amendment, waiver or consent requested would result in, (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Notes by such Rating Agency or (y) such rating agency placing any Notes on "credit watch negative" (or equivalent).

Any ratings confirmation or affirmation delivered by the Issuer or the Borrower (as applicable) does not constitute a ratings confirmation or affirmation from and, is not binding on, the Rating Agencies.

A ratings confirmation or affirmation does not confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or prejudicial to, you. While each of the Issuer Secured Creditors and the Obligor Secured Creditors (including the Noteholders) are entitled to have regard to a ratings confirmation or affirmation, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer Secured Creditors (including the Noteholders) or the Obligor Secured Creditors, the Note Trustee, the Security Trustee or any other parties to the Transaction Documents or create any legal relationship between the Rating Agencies and the Issuer Secured Creditors (including the Noteholders), the Obligor Secured Creditors, the Note Trustee, the Security Trustee, or any other parties to the Transaction Documents whether by way of contract or otherwise.

Absence of Secondary Market; Limited Liquidity

Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange. There can be no assurance that a secondary market for the Notes will develop, or, if a secondary market does develop for any of the Notes issued after the date of this Prospectus, that it will provide any holder of Notes with liquidity or that any such liquidity will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of the Notes.

The liquidity and market value at any time of the Notes are affected by, among other things, the market view of the credit risk of such Notes and will generally fluctuate with general interest rate fluctuations, general economic conditions, the condition of certain financial markets, international political events and the performance and financial condition of the Issuer and the Dignity Group.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000 in excess thereof up to £199,000. Accordingly, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum authorised denomination. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum authorised denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in bearer form in respect of such holding (should such Notes be printed) and may need to purchase a further principal amount of Notes such that its holding amounts to the minimum authorised denomination.

The Notes may not be a suitable investment for all investors

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the market value of the Notes may fluctuate for a number of reasons including as a result of prevailing market conditions, current interest rates and the perceived creditworthiness of the Issuer and the Dignity Group. Any perceived threat of insolvency or other financial difficulties of the Dignity Group or a less favourable outlook of the funeral related services industry in the UK could result in a downgrade of ratings and/or a decline in market value of the Notes.

Change of Law

The structure of the issue of the Notes and the related transactions and the ratings which are to be assigned to the Notes are based on English and Scots law, and United Kingdom tax law, in effect as at the date of this Prospectus. No assurance can be given as to the effect of any possible judicial decision or change to English or Scots law or administrative practice or to United Kingdom tax law or practice after the date of this Prospectus.

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and/or the incentives for certain investors to invest in securities issued under such structures, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Lead Manager nor any of the parties to the transaction makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any other time.

Such regulation includes Articles 404-410 of the CRR, which provide that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an on-going basis, a material net economic interest in the securitisation of not less than 5 % and (b) it is able to demonstrate to its regulator on an on-going basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Articles 404-410 of the CRR in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment. Similar requirements to those set out in Articles 404-410 of the CRR have been implemented for EU-regulated alternative

investment fund managers by Section 5 of the AIFMR and are expected to be implemented for other EU-regulated investors, including insurance or reinsurance undertakings and UCITS.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction. The Issuer has considered, and obtained legal advice as to, the applicability of Articles 404-410 of the CRR and Section 5 of the AIFMR to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of Articles 404-410 of the CRR and Section 5 of the AIFMR and the Issuer is of the opinion that the risk retention due diligence requirements of Articles 404-410 of the CRR and Section 5 of the AIFMR should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of the CRR and the AIFMR. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that Articles 404-410 of the CRR and Section 5 of the AIFMR do apply to an investment in the Notes, significantly higher capital charges may be applied to that investor's holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore some uncertainty remains as to which transactions are subject to Articles 404-410 of the CRR and Section 5 of the AIFMR.

Articles 404-410 of the CRR and Section 5 of the AIFMR and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. No assurance can be given that further changes will not be made to the CRR or AIFMR which could impact holders of the Notes.

Implementation of and/or Changes to the Basel II Framework May Affect the Capital and/or the Liquidity Requirements Associated with a Holding of the Notes for Certain Investors

The Basel Committee on Banking Supervision (the "**Basel Committee**") approved significant changes to Basel II (being the revised international capital framework of the Basel Committee, published in 2004) regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 20 %.

Implementation of the Basel II framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee (including the changes described above) may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

Investors in the Notes are responsible for analysing their own regulatory position and should not rely on the Issuer's opinion set out above. In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the changes described

above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks relating to the Notes are exhaustive. Although the Issuer believes that certain structural elements described in this Prospectus lessen certain of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

THE PARTIES

Issuer

Dignity Finance PLC (the "**Issuer**") is a public limited company incorporated under the laws of England and Wales with company number 04488292 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, England.

The Issuer is a special purpose company incorporated on 17 July 2002 with no employees or premises and limited permitted activities. The Issuer's primary purpose is to issue the Notes and to lend the proceeds thereof to the Borrower pursuant to the Issuer/Borrower Loan Agreement.

The issued share capital of the Issuer is £50,000 divided into 50,000 shares of £1 each. Issuer Holdco holds 49,999 shares in the Issuer. The remaining share in the Issuer is currently held by DML. Two of the shares are fully paid up and 49,998 shares are paid up as to one quarter each.

Issuer Holdco

Dignity Finance Holdings Limited ("**Issuer Holdco**"), is a private company incorporated in England and Wales with company number 04594314 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, England.

The issued share capital of Issuer Holdco is £50,000 all of which is held by Dignity Services.

Borrower

Dignity (2002) Limited (the "**Borrower**" or "**D2002**") is a private limited company incorporated under the laws of England and Wales with company number 04349697 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, England.

The Borrower was established on 9 January 2002 for, *inter alia*, the purpose of acquiring certain subsidiaries. The Borrower is the principal finance company for the Dignity Group and has entered into the Issuer/Borrower Loan Agreement with the Issuer.

The business activities of the Borrower are described in the section headed "*The Borrower*".

The issued ordinary share capital of the Borrower is £11,000 all of which is held by D2004 which has granted security over its shares in the Borrower in favour of the Security Trustee on behalf of the Obligor Secured Creditors. For a further description of the security over the Borrower's Shares see "*Description of the Principal Obligor Transaction Documents – Senior Security - Security Over Shares granted by D2004 in Respect of its Shares in the Borrower*" below.

The Borrower has also borrowed the DHL Non Interest-Bearing Loan and other amounts under subordinated loans from Obligors (see "*Description of the Principal Obligor Transaction Documents - The Intra-Group Indebtedness*" below).

Obligors/Securitisation Group

In this Prospectus, the term ("**Obligors**") means the Borrower, Dignity (2014) Limited, Dignity Services, Dignity Securities Limited, Plantsbrook Group Limited, Birkbeck Securities Limited, Dignity Pre Arrangement Limited, Dignity Funerals Limited, Advance Planning Limited, Bracher Brothers Limited, Dignity

(2009) Limited, Dignity Funerals No. 2 Limited, Hardacres Funeral Directors Limited, T.S. Horlock and Son Limited, Phillips Holdings (Hertfordshire) Limited, Hunters Funeral Directors Limited, Philip Ford & Son (Funeral Directors) Limited, Phillips Funeral Services Limited, Phillips Supplies Limited, Phillips Funeral Plans Limited, H.R.H. Holdings Limited, Highfield Funeral Service Limited, D.J. Thomas (Funeral Directors) Limited, Gornalls Funeral Services Limited, Woodfield Park Funeral Home Limited, C. Powell Funeral Service Limited, F.E.J. Green & Sons Limited, Robemanor Limited, Rosspark Limited, Ely Funeral Service Limited, Ken Gregory & Sons Limited, H. Towell Ltd, Henry Smith (Wandsworth) Limited, Thomas Brothers (Wellington and Taunton) Limited, Yew Holdings Limited, The East Riding Crematorium Company Limited, The Haltemprice Crematorium Limited, Warburton Funerals Limited, Malcolm J Presland Limited, B & B Funeral Directors Limited, Armitage (Funeral Directors) Limited, E Hurton & Son Limited, G. M. Charlesworth & Son Limited, S Wellens & Sons Limited, Kenyons Funeral Directors Limited, Wetton Funeral Services Limited, H. J. Whalley & Sons Limited, E. Brigham Funeral Directors Limited, A. Haxby & Sons (Filey) Limited, Henry Naylor (Funeral Directors) Limited, B. Bernard & Sons Limited, Salenew Limited, George Hall & Son Funeral Directors Limited, Frank Stephenson & Son (Funeral Directors) Limited, H & G Wilde Funeral Directors Limited, F. Kneeshaw & Sons (Funeral Directors) Limited, Davis McMullan Funeral Directors Limited, Jonathan Harvey Limited, Moray Crematorium Holdings Ltd, Moray Crematorium Limited, George S Munn & Company, Limited, Boyce Anderson Motors Limited, Kirkwoods (Funeral Directors) Limited, Funeral Debt Collection Limited, N A Medd Ltd, Derriman & Haynes Funeral Services Limited, and Cumbernauld Funeral Services Ltd and any of their direct or indirect subsidiaries acquired after the Closing Date and any other companies which may be acquired by the Dignity Group prior to the Closing Date and which accedes as an Obligor in accordance with the terms of the Issuer/Borrower Loan Agreement and a reference to an "Obligor" means any one of them.

Dignity (2014) Limited	Dignity (2014) Limited (" D2014 ") is a private unlimited company incorporated in England and Wales with company number 09257172 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.
Dignity Services	Dignity Services (" Dignity Services ") is a private unlimited company incorporated in England and Wales with company number 02894910 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.
Dignity Securities Limited	Dignity Securities Limited (" DSL ") is a private limited company incorporated in England and Wales with company number 00371084 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.
Plantsbrook Group Limited	Plantsbrook Group Limited is a private limited company incorporated in England and Wales with company number 02401020 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.
Birkbeck Securities Limited	Birkbeck Securities Limited (" Birkbeck ") is a private limited company incorporated in England and Wales with company number 00008032 and having its registered office at 4 King Edwards Court,

King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.

Dignity Funerals Limited

Dignity Funerals Limited ("**DFL**") is a private limited company incorporated in England and Wales with company number 00041598 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.

DFL has an issued share capital of £577,376.91 and a special reserve of £23,411,000 which is to be treated as undistributable for as long as any debts or claims against DFL as at 23 July 2003 remain outstanding.

Dignity Pre Arrangement Limited

Dignity Pre Arrangement Limited ("**DPL**") is a private limited company incorporated in England and Wales with company number 01862158 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.

Advance Planning Limited

Advance Planning Limited ("**APL**") is a private limited company incorporated in England and Wales with company number 03292336 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.

The issued share capital of Advance Planning Limited is £10,000 divided into 7,500 A ordinary shares of £1 each held by DPL and 2,500 B ordinary shares of £1 each held by DPL (following the acquisition of such 2,500 B ordinary shares by DPL on 8 January 2007 from Age Concern Enterprises Limited).

In addition, there are 7,788,882 redeemable preference shares of 1p each of which 3,863,291 are held by DPL. The other redeemable preference shares have already been redeemed.

Advance Planning Limited also maintains a £1,907,993 special reserve which will be treated as undistributable for as long as any debt or claim against APL as at 23 July 2003 remains outstanding.

Advance Planning Limited was set up to market and operate pre-arranged funeral plans and is the subject of a profit sharing agreement between DPL and Age Concern Enterprises Limited ("**Age Concern**") (Age Concern has subsequently merged with Help the Aged to form a new charity, Age UK ("**Age UK**")) the material terms of which are:

- (a) DPL and Age UK agree each year to distribute profits which may lawfully be distributed after prudent provision for taxation. Currently DPL and Age UK have agreed that the profits will be applied by APL to redeem the preference shares until all have been redeemed. Thereafter the profits will be distributed 75% to DPL and 25% to Age UK; and
- (b) Age UK grants to APL exclusive permission to use the Age UK name and logo in relation to pre-arranged funeral plans in the United Kingdom, the Isle of Man and the Channel Islands.

N A Medd Ltd

N A Medd Ltd is a private limited company incorporated in England and Wales with company number 06871296 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.

Derriman & Haynes Funeral

Derriman & Haynes Funeral Services Limited is a private limited company incorporated in England and Wales with company number

Services Limited	04951073 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP.
Cumbernauld Funeral Services Limited	Cumbernauld Funeral Services Ltd is a private limited company incorporated in Scotland with company number SC239467 and having its registered office at 280 Kinfauns Drive, Glasgow G15 7AR.
Dormant Obligors	Since the Initial Securitisation Closing Date, Bracher Brothers Limited with company number 00666473, Dignity (2009) Limited with company number 04738935, Dignity Funerals No. 2 Limited with company number 07541500, Hardacres Funeral Directors Limited with company number 02999546, T.S. Horlock and Son Limited with company number 01443751, Phillips Holdings (Hertfordshire) Limited with company number 03487607, Hunters Funeral Directors Limited with company number 04234347, Philip Ford & Son (Funeral Directors) Limited with company number 00740333, Phillips Funeral Services Limited with company number 01672753, Phillips Supplies Limited with company number 03487452, Phillips Funeral Plans Limited with company number 03439290, H.R.H. Holdings Limited with company number 03107814, Highfield Funeral Service Limited with company number 00618190, D.J. Thomas (Funeral Directors) Limited with company number 04721136, Gornalls Funeral Services Limited with company number 00769153, Woodfield Park Funeral Home Limited with company number 03947447, C. Powell Funeral Service Limited with company number 01375862, F.E.J. Green & Sons Limited with company number 04055731, Robemanor Limited with company number 06826966, Rosspark Limited with company number 02788504, Ely Funeral Service Limited with company number 05370615, Ken Gregory & Sons Limited with company number 04669936, H. Towell Ltd with company number 05347545, Henry Smith (Wandsworth) Limited with company number 00385021, Thomas Brothers (Wellington and Taunton) Limited with company number 03111508, Yew Holdings Limited with company number 06141773, The East Riding Crematorium Company Limited with company number 03195343, The Haltemprice Crematorium Limited with company number 02836883, Warburton Funerals Limited with company number 05858729, Malcolm J Presland Limited with company number 02119337, B & B Funeral Directors Limited with company number 04467252, Armitage (Funeral Directors) Limited with company number 03688547, E Hurton & Son Limited with company number 04075666, G. M. Charlesworth & Son Limited with company number 06694347, S Wellens & Sons Limited with company number 00499907, Kenyons Funeral Directors Limited with company number 04083262, Wetton Funeral Services Limited with company number 01515238, H. J. Whalley & Sons Limited with company number 04116872, E. Brigham Funeral Directors Limited with company number 01970848, A. Haxby & Sons (Filey) Limited with company number 00463816, Henry Naylor (Funeral Directors) Limited with company number 02808343, B. Bernard & Sons Limited with company number 01730628, Salenew Limited with company number 01422704, George Hall & Son Funeral Directors Limited with company number 06387653, Frank Stephenson & Son (Funeral Directors) Limited with company number 01432691, H & G Wilde Funeral Directors Limited with company number 04487658, F. Kneeshaw & Sons (Funeral Directors) Limited with company number 03049226, Funeral Debt Collection Limited with company number 06761779 and Davis McMullan Funeral Directors

Limited with company number 06426011, each a private limited company incorporated in England and Wales and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP; and Jonathan Harvey Limited with company number SC21806, Moray Crematorium Holdings Ltd with company number SC296480, Moray Crematorium Limited with company number SC181015, and George S Munn & Company, Limited with company number SC006927, each a private limited company incorporated in Scotland and having its registered office at 280 Kinfauns Drive, Glasgow G15 7AR; and Boyce Anderson Motors Limited with company number NI009247 and Kirkwoods (Funeral Directors) Limited with company number NI020833, each a private limited company incorporated in Northern Ireland and having its registered office at Malborough House, 30 Victoria Street, Belfast BT1 3GS (together the "**Dormant Obligors**") have been acquired directly or indirectly by Dignity Funerals Limited.

Each of the Dormant Obligors have become Obligors and Guarantors pursuant to the terms of the Issuer/Borrower Loan Agreement but have ceased trading and do not hold any assets other than inter-company debtor balances with DFL or DF2L (as applicable) and (where relevant) investments in subsidiaries and legal title to leasehold properties.

Securitisation Group

In this Prospectus, the term "**Securitisation Group**" means the Borrower and each of its direct or indirect subsidiaries.

Companies Outside the Securitisation Group

Dignity plc

Dignity plc is registered as a public limited company incorporated in England and Wales with company number 04569346 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. Dignity plc is the ultimate parent of the Issuer and the Obligors, but is not a member of the Securitisation Group. Dignity plc has granted security over its shares in Dignity (2004) Limited (being 1,000 ordinary shares of £1 each), over its shares in Dignity (2008) Limited (being 1 ordinary share of £1), over its shares in Dignity (2011) Limited (being 1 ordinary share of £1) and over its shares in Dignity Holdings No.3 Limited (being 1 ordinary share of £1) to the Security Trustee for the benefit of the Obligor Secured Creditors. In the Issuer/Borrower Loan Agreement, Dignity plc has covenanted not to carry on any business or activity other than entering into, and fulfilling its obligations and exercising its rights under, the Obligor Transaction Documents, the Dplc/D2008 Guarantee, Dplc/2008 Funding Loans or any Dignity Intra Group Loan and it will not own any assets other than its shareholdings in D2004, D2008, D2011 and DH3 and its rights in respect of (i) Dplc/2008 Loan, (ii) any Dignity Intra Group Loans and (iii) any Dplc/D2008 Funding Loans. Notwithstanding the above, Dignity plc may pay dividends to its shareholders, issue new or purchase existing ordinary shares, and may, subject to the provisions of the Issuer/Borrower Loan Agreement, incorporate or acquire a new subsidiary as a Non-Obligor for the purpose of carrying out acquisitions, crematorium developments and/or funeral house start-ups permitted to Non-Obligors under the IBLA. Dignity plc and its direct and indirect subsidiaries are referred to in this Prospectus as "**Dignity**" or "**Dignity Group**".

Dignity (2004) Limited

Dignity (2004) Limited is a private limited company incorporated in England and Wales with company number 04995412 and having its registered office at 4 King Edwards Court, King Edwards Square,

Sutton Coldfield, West Midlands B73 6AP ("**D2004**"). D2004 has granted security to the Security Trustee for the benefit of the Obligor Secured Creditors over its shares in (i) Dignity Holdings No. 2 Limited, being 2,000,000 ordinary shares of £1 each, and (ii) the Borrower, being 110,000,002 shares of £0.0001 each. D2004 has covenanted in the Issuer/Borrower Loan Agreement not to carry on any business or own any assets other than its shares in Dignity Holdings No.2 Limited and the Borrower.

Dignity Holdings Limited

Dignity Holdings Limited ("**DHL**") is a private limited company incorporated in England and Wales with company number 04349716 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DHL owns the entire issued share capital of DML, being 1,000 ordinary shares of £1 each, and granted security over its shares in DML to the Security Trustee for the benefit of the Obligor Secured Creditors. DHL has covenanted in the Issuer/Borrower Loan Agreement not to carry on any business or own any assets other than its shares in DML and its Intra-Group Loans.

Dignity Holdings No.2 Limited

Dignity Holdings No.2 Limited ("**DH2**") is a private limited company incorporated in England and Wales with company number 04349722 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DH2 owns the entire issued share capital of Dignity Holdings Limited, being 1,500,000 ordinary shares of £1 each, and has granted security over its shares in Dignity Holdings Limited to the Security Trustee for the benefit of the Obligor Secured Creditors. DH2 has covenanted in the Issuer/Borrower Loan Agreement not to carry on any business or own any assets other than its shares in Dignity Holdings Limited.

Dignity Holdings No.3 Limited

Dignity Holdings No.3 Limited ("**DH3**") is a private limited company incorporated in England and Wales with company number 09166132 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DH3 owns the entire issued share capital of DF3L, being 1 ordinary share of £1. DH3 is a wholly-owned subsidiary of Dignity plc. DH3 has acceded to the Issuer/Borrower Loan Agreement as a Non-Obligor.

Dignity Funerals No.3 Limited

Dignity Funerals No.3 Limited ("**DF3L**") is a private limited company incorporated in England and Wales with company number 09166331 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DF3L is a wholly-owned subsidiary of DH3 and was incorporated for the purpose of completing acquisitions and investments outside of the Securitisation Group. DF3L has acceded to the Issuer/Borrower Loan Agreement as a Non-Obligor.

Dignity Mezzco Limited

Dignity Mezzco Limited ("**DML**") is a private limited company incorporated in England and Wales with company number 04569044 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DML covenants in the Issuer/Borrower Loan Agreement not to carry on any business or own any assets other than a single share in the Issuer held as nominee of Issuer Holdco.

Dignity (2008) Limited

Dignity (2008) Limited ("**D2008**") is a private limited company incorporated in England and Wales with company number 06748901 and having its registered office at 4 King Edwards Court,

King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. D2008 is a wholly-owned subsidiary of Dignity plc and was incorporated for the sole purpose of acquiring Dignity Crematoria Limited from its shareholders on 24 November 2008.

Dignity Crematoria Limited Dignity Crematoria Limited ("**DCL**") is a private limited company incorporated in England and Wales with company number 05029403 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DCL became a wholly-owned subsidiary of D2008 following D2008's acquisition of the entire share capital of DCL from its shareholders on 24 November 2008. DCL is a company involved in the owning and leasing of crematoria.

Dignity Crematoria No.2 Limited Dignity Crematoria No.2 Limited ("**DC2L**") is a private limited company incorporated in England and Wales with company number 08804847 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. DC2L is a wholly owned subsidiary of DCL and was incorporated for the sole purpose of acquiring (for the purpose of owning and leasing to DFL) certain crematoria from DCL.

Dignity (2011) Limited Dignity (2011) Limited ("**D2011**") is a private limited company incorporated in England and Wales with company number 07541182 and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP. D2011 is a wholly-owned subsidiary of Dignity plc. D2011 has acceded to the Issuer/Borrower Loan Agreement as a Non-Obligor.

Guarantors (in respect of the Issuer/Borrower Loan) The Obligor (other than the Borrower), Dignity plc, DH2, DHL, DML and D2004 (the "**Guarantors**") have each entered into or acceded to a guarantee (as the same may be amended, supplemented or varied from time to time, the "**Guarantee**") under the terms of which each Guarantor guarantees the obligations of each Obligor under the Obligor Transaction Documents in favour of the Security Trustee on behalf of the Obligor Secured Creditors.

For further information on the Guarantee see "*Description of the Principal Obligor Transaction Documents - Guarantee*" below

Other Parties

Obligor Secured Creditors References to the Obligor Secured Creditors are to the Security Trustee (for itself and for and on behalf of the other Obligor Secured Creditors), the Issuer, the Working Capital Facility Provider, the Cash Administrator (so long as it is not a member of the Securitisation Group), the Obligor Account Bank, any Hedging Bank, and any Receiver appointed under the Debenture.

Security Trustee BNY Mellon Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL acts as security trustee (the "**Security Trustee**"). The Security Trustee holds the Borrower Security granted by the Borrower Chargors under the Borrower Security Documents for the benefit of the Obligor Secured Creditors.

Note Trustee BNY Mellon Corporate Trustee Services Limited, whose registered office is at One Canada Square, London E14 5AL (the "**Note Trustee**") acts as trustee for the holders from time to time of the Notes pursuant to a trust deed constituting the Notes (the "**Trust Deed**") entered into on the Initial Securitisation Closing Date

between the Issuer and the Note Trustee and as amended, restated, varied and/or supplemented from time to time pursuant to which BNY Mellon Corporate Trustee Services Limited is appointed as trustee for the holders from time to time of the Notes.

The Note Trustee was also appointed as trustee to hold the security granted by the Issuer prior to the Closing Date for the benefit of the Issuer Secured Creditors pursuant to a deed of charge (together with any amendments or agreements supplemental thereto, the "**Existing Issuer Security Deed**") entered into on the Initial Securitisation Closing Date between, *inter alios*, the Issuer and the Note Trustee in respect of, *inter alia*, the Initial Securitisation Notes. The Existing Issuer Security Deed will be terminated on or about the Closing Date and a new deed of charge will be entered into on or about the Closing Date in respect of the Notes between, *inter alios*, the Issuer and the Note Trustee (the "**Issuer Security Deed**" as may be amended, restated, supplemented and/or varied from time to time), which will appoint the Note Trustee as trustee to hold the Issuer Security for the benefit of the Issuer Secured Creditors from time to time.

Issuer Secured Creditors

The Note Trustee (for itself and for and on behalf of the other Issuer Secured Creditors), the Noteholders, the Liquidity Facility Provider, the Issuer Account Bank, the Cash Administrator, the Paying Agents, the Agent Bank and any Receiver appointed under the Issuer Security Deed, and such other creditor who may be a party to, or accede to, the terms of the Issuer Security Deed from time to time in accordance with the terms thereof and is designated an Issuer Secured Creditor (the "**Issuer Secured Creditors**" and, together with the Obligor Secured Creditors, the "**Secured Creditors**").

Liquidity Facility Provider

The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc), acting through its branch at West Midlands Corporate Office, 5th Floor, 2 St Philips Place, Birmingham B3 2RB, in its capacity as liquidity facility provider (the "**Liquidity Facility Provider**"), in the provision of a liquidity facility (the "**Liquidity Facility**") in accordance with the terms of the liquidity facility agreement dated the Initial Securitisation Closing Date between the Issuer, the Liquidity Facility Provider and the Note Trustee (as amended, restated, varied and/or supplemented from time to time, the "**Liquidity Facility Agreement**").

Working Capital Facility Provider

The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc), acting through its branch at West Midlands Corporate Office, 5th Floor, 2 St Philips Place, Birmingham B3 2RB, in its capacity as working capital facility provider (the "**Working Capital Facility Provider**"), in the provision of a working capital facility to the Borrower pursuant to the terms of a working capital facility agreement entered into on 11 April 2003 between the Working Capital Facility Provider, the Borrower, the Security Trustee, the Obligors and the Cash Administrator (as amended, restated, varied and/or supplemented from time to time, the "**Working Capital Facility Agreement**").

Cash Administrator

Dignity Funerals Limited acts as cash administrator (in such capacity, the "**Cash Administrator**") to the Issuer and the Securitisation Group pursuant to an agreement entered into on the Initial Securitisation Closing Date between, *inter alios*, the Issuer, the Cash Administrator and the Note Trustee (as amended, restated, varied and/or supplemented from time to time, the "**Issuer Cash Administration and Account Bank Agreement**") and an

agreement between, *inter alios*, the Obligors, the Cash Administrator and the Security Trustee entered into on the Initial Securitisation Closing Date (as amended, restated, varied and/or supplemented from time to time, the "**Obligor Cash Administration and Account Bank Agreement**").

Issuer Account Bank	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, in its capacity as account bank (the " Issuer Account Bank ") to the Issuer pursuant to the Issuer Cash Administration and Account Bank Agreement.
Obligor Account Bank	The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc), acting through its corporate office at West Midlands Corporate Office, 5th Floor, 2 St Philips Place, Birmingham B3 2RB maintains the Loan Payment Account on behalf of the Borrower and certain other bank accounts on behalf of the Obligors pursuant to the Obligor Cash Administration and Account Bank Agreement (in such capacity, the " Obligor Account Bank ") dated the Initial Securitisation Closing Date, which was amended by an agreement dated 8 July 2005 pursuant to which The Royal Bank of Scotland plc replaced the appointment of Lloyds TSB Bank plc made on the Initial Securitisation Closing Date and as may be further amended, restated, varied and/or supplemented from time to time. The Obligors are also permitted, pursuant to the Issuer/Borrower Loan Agreement and the Obligor Cash Administration and Account Bank Agreement, to hold certain operating accounts (the " Eligible Bank Cash Operating Accounts " or " EBCOAs ") with other Eligible Banks. The Obligor Cash Administration and Account Bank Agreement contains obligations on the Obligors having the effect that any EBCOA will be operated along similar lines as those operating accounts held with the Obligor Account Bank and subject to the Obligor Cash Administration and Account Bank Agreement.
Principal Paying Agent and Agent Bank	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, London E14 5AL, provides certain paying agency and agent bank services in relation to the Notes pursuant to the Agency Agreement (as defined in the terms and conditions of the Notes (the " Conditions ")) (in such respective capacities the " Principal Paying Agent " and the " Agent Bank ").
Irish Paying Agent	The Bank of New York Mellon SA/NV, Dublin Branch, acting through its office at 4 th Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland, is the Irish Paying Agent pursuant to the terms of the Agency Agreement (the " Irish Paying Agent ") and together with the Principal Paying Agent, the " Paying Agents ").
Common Depositary	The Bank of New York Mellon, London Branch will be the common depositary (the " Common Depositary ").
Financial Adviser	An independent internationally recognised firm of accountants appointed by the Note Trustee pursuant to the Issuer/Borrower Loan Agreement following the occurrence of a Financial Adviser Appointment Event (as defined therein). The Borrower will be responsible for the fees and expenses of any Financial Adviser.

TRANSACTION SUMMARY

Principal Features of the Notes Status and Ranking

The Notes will be issued in accordance with the Trust Deed and will be direct, secured obligations of the Issuer. Other than as described in Condition 20 (*Further and New Note Issues*) the obligations of the Issuer in respect of the Notes will rank, in the following order in point of security and as to payments of interest and repayment of principal, both prior to and following enforcement:

1. *first*, and *pari passu* and *pro rata* amongst themselves, the Class A Notes; and
2. *second*, and *pari passu* and *pro rata* amongst themselves, the Class B Notes.

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes (the "**Class A Noteholders**") and the holders of the Class B Notes (the "**Class B Noteholders**" and, together with the Class A Noteholders, the "**Noteholders**") and if applicable, and to the extent that any New Notes are issued, the holders of the New Notes (the "**New Noteholders**") as if they formed a single class (unless otherwise provided), but where there is, in the Note Trustee's opinion, a conflict between any such interests, the Trust Deed requires the Note Trustee to have regard to the interests of only the holders of the Most Senior Class of Notes then outstanding *provided that*, to the extent that the Most Senior Class of Notes is comprised of one or more sub-classes, and there is a conflict between the interests of the holders of such sub-classes, the Note Trustee shall have regard to the interests only of the holders of the Notes of the sub-class with the greatest Principal Amount Outstanding whilst they remain outstanding.

The Trust Deed contains provisions limiting the powers of any lower ranking classes of Notes, among other things, to pass any Extraordinary Resolution (as defined in the Conditions) or to request or direct the Note Trustee to take any action which may affect the interests of a class of Noteholders or New Noteholders ranking in priority thereto.

Except in certain circumstances, the Issuer Transaction Documents (as defined in the Conditions) impose no such limitation on the powers of the holders of the Most Senior Class of Notes, the exercise of which will be binding on all the holders of other Notes, irrespective of the effect thereof on their interests.

"**Most Senior Class of Notes**" means the Class A Notes, whilst they remain outstanding, and thereafter the Class B Notes, whilst they remain outstanding.

Form and Denomination

Each class of the Notes will initially be in the form of a Temporary Global Note (as defined in the Conditions) without interest coupons, which will be deposited with the Common Depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note (as defined in the Conditions) relating to the same class, without interest coupons,

not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until such certification of non-U.S. beneficial ownership has been received by the Principal Paying Agent.

In certain limited circumstances Definitive Notes (as defined in the Conditions) with Coupons (as defined in the Conditions) attached will be issued in exchange for a Permanent Global Note. The Definitive Notes will be issued in bearer form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000.

Availability of Liquidity

In the event that the Issuer has insufficient funds to make payments due on the Notes on any Interest Payment Date or in the event that it receives a request from the Borrower for an Issuer/Borrower Liquidity Advance (as defined in "*Description of the Principal Obligor Transaction Documents - The Issuer/Borrower Loan Agreement*" below) it may, in certain circumstances, draw on the Liquidity Facility up to a maximum aggregate amount of £55,000,000 (***provided that*** liquidity drawings applied in making payments in respect of Class B Notes will be subject to an initial limit of 45% of the maximum aggregate limit so long as the Class A Notes are outstanding). For a description of the principal terms of the Liquidity Facility Agreement please see "*Description of the Issuer Transaction Documents - Liquidity Facility Agreement*" below.

Security for the Notes

The Notes will be, secured by first ranking security in respect of, *inter alia*, all the Issuer's rights, title and interest in its assets and undertaking pursuant to the Issuer Security Deed.

The Issuer Security Deed creates security interests over the Issuer's rights under, *inter alia*, the Issuer/Borrower Loan Agreement and the security in respect thereof under the Borrower Security Documents (including an assignation in security under Scots law of the Issuer's interest as a beneficiary of the security trust created thereunder), the Liquidity Facility Agreement and the Issuer Accounts.

The Notes will also be, secured by a floating charge over all assets and undertaking of the Issuer not effectively charged by the first ranking security referred to above but extending over all of the Issuer's Scottish assets.

The Note Trustee holds the benefit of the security and covenants granted by the Issuer under the Issuer Security Deed on trust for the Issuer Secured Creditors.

Certain other obligations of the Issuer to the Note Trustee under the Trust Deed, to the Note Trustee and any receiver under the Issuer Security Deed, to the Issuer Account Bank and the Cash Administrator under the Issuer Cash Administration and Account Bank Agreement, to the Liquidity Facility Provider under the Liquidity Facility Agreement, and to the Paying Agents and Agent Bank under the Agency Agreement are or will (as applicable) also be secured by the security interests referred to above.

Certain Issuer Secured Creditors rank, or will rank, as to payment in priority to the Class A Noteholders and/or the Class B Noteholders. For a more detailed description of the provisions of

the Issuer Security Deed including the priority of payments of the Issuer both prior and subsequent to the enforcement of the security thereunder, see "*Description of the Issuer Transaction Documents - The Issuer Security Deed*" below.

Interest

Interest on the Notes is or will be, as the case may be, payable by reference to successive interest periods (each, an "**Interest Period**"). Interest on the Notes is or will be, as the case may be, payable in arrears in Pounds Sterling in respect of the aggregate Principal Amount Outstanding (as defined in the Conditions) of each class of Notes semi-annually on 30 June and 31 December in each year (subject to adjustment as specified in Condition 7(b) (*Interest-Interest Payment Dates and Interest Periods*)) for non-business days) (each, an "**Interest Payment Date**"). Each Interest Period will commence on (and include) an Interest Payment Date (the first Interest Period will commence on, and interest will accrue from, the Closing Date) and end on (but exclude) the following Interest Payment Date.

Interest on the Notes will accrue on their Principal Amount Outstanding together with any Shortfall and any Principal Residual Amount payable (each as defined in the Conditions) at an annual rate of 3.5456% in the case of the Class A Notes and at an annual rate of 4.6956% in the case of the Class B Notes.

The holders of the Class B Notes will be entitled to receive payments of principal and interest on their Notes on any Interest Payment Date only to the extent that the Issuer has funds available for the purpose after making payment on such Interest Payment Date of any liabilities ranking in priority to the Class B Notes (including, among other things, certain fees, costs and expenses of the Issuer, all amounts payable on the relevant Interest Payment Date in respect of the Liquidity Facility Agreement and all amounts of interest and principal (if any) payable on the relevant Interest Payment Date in respect of the Class A Notes then outstanding), all as provided in Condition 19 (*Subordination and Deferral*) and in the Issuer Security Deed and as described below in "*Description of the Issuer Transaction Documents - The Issuer Security Deed*". Any interest on and principal of any Class B Notes not paid on an Interest Payment Date will itself accrue interest and will be paid to the holders of the Class B Notes on subsequent Interest Payment Dates to the extent the Issuer has funds available for such purpose, after paying in full on such Interest Payment Date all payments ranking in priority thereto as aforesaid. The non-payment of any interest or principal of any class or classes of Notes ranking below the Most Senior Class of Notes shall not constitute an Event of Default.

Withholding Tax

All payments in respect of the Notes will be made without any withholding or deduction for, or on account of, tax unless required by law. Neither the Issuer nor the Paying Agents nor any other person will be obliged to pay any additional amounts as a consequence thereof and payments on the Notes will be made subject to such withholding or deduction (subject to the Issuer's option to redeem Notes early under Condition 8(d) (*Redemption, Purchase and Cancellation - Substitution/Redemption in Whole for Taxation Reasons*)).

Scheduled Redemption and Final Redemption

On each Interest Payment Date Notes will be subject to scheduled mandatory redemption in accordance with Condition 8(b) (*Redemption, Purchase and Cancellation Scheduled Mandatory*

Redemption in Part). Unless previously redeemed in full, the Class A Notes will be redeemed at their then Principal Amount Outstanding together with accrued interest thereon on the Interest Payment Date falling in December 2034 (the "**Class A Final Maturity Date**") and the Class B Notes will be redeemed at their then Principal Amount Outstanding together with accrued interest thereon on the Interest Payment Date falling in December 2049 (the "**Class B Final Maturity Date**", and each of the Class A Final Maturity Date and the Class B Final Maturity Date (a "**Final Maturity Date**").

Optional Early Redemption in Full for Tax

In accordance with the Condition 8(d) (*Redemption, Purchase and Cancellation – Substitution/Redemption in Whole for Transaction Reasons*), the Issuer may redeem the Notes in full (but not in part only) at their Principal Amount Outstanding (together with interest accrued to the date fixed for redemption) on any Interest Payment Date after the date on which the Issuer has satisfied the Note Trustee that it would, by virtue of a change in tax law since the Closing Date, be required to withhold or deduct an amount on account of tax from any payment of principal or interest on the Notes, or the Borrower has satisfied the Issuer and the Note Trustee that it would, by virtue of a change in tax law since the Closing Date, be required to withhold or deduct an amount on account of tax from any payment of principal or interest on the Issuer/Borrower Loan.

No premium or penalty will be payable for early redemption of the Notes for tax reasons.

Early Mandatory Redemption upon prepayment under the Issuer/Borrower Loan Agreement

Subject to "*Market Purchases*" below, on the receipt by the Issuer of a notice of prepayment from the Borrower under the Issuer/Borrower Loan Agreement of (a) its intention to make a voluntary prepayment in whole or in part of the Issuer/Borrower Loan, or (b) it's being obliged to make a prepayment on account of the balance on the Principal Reserve Account being at least £5,000,000, the Issuer shall give not more than 60 and not less than 30 days' notice (expiring on an Interest Payment Date) to the Noteholders, the Note Trustee and the Principal Paying Agent that it will, to the extent that it receives such prepayment proceeds, apply the same in redeeming the Notes in whole or in part on the Interest Payment Date identified in the notice (subject to and in accordance with the relevant Issuer Priority of Payments). On receipt of such prepayment proceeds (subject to and in accordance with the relevant Issuer Priority of Payments), the Issuer shall on that Interest Payment Date apply such proceeds to redeem the Notes at par plus any early redemption premium (if any is applicable), together with accrued but unpaid interest on their Principal Amount Outstanding up to but excluding the Interest Payment Date on which such redemption occurs as more fully described in Condition 8(c) (*Redemption, Purchase and Cancellation - Early Mandatory Redemption in whole or in Part upon Prepayment under the Issuer/Borrower Loan*).

Early Redemption Premium

If redeemed early in whole or in part in accordance with Condition 8(c)(i)(A) or (B) (*Redemption, Purchase and Cancellation - Early Mandatory Redemption in Whole or in Part upon Prepayment of the Issuer/Borrower Loan*), Class A Notes and Class B Notes or the part of the principal amount thereof which is to be redeemed early will be redeemed at a price calculated in accordance with the formula set out in sub-paragraph (A) of the definition of "Redemption Amount" in Condition 8 (*Redemption, Purchaser*

and Cancellation).

No premium or penalty will be payable for early redemption of the Notes for tax reasons, illegality of the Issuer/Borrower Loan or following acceleration of the Notes.

Market Purchases

The Borrower is entitled in certain circumstances to make market purchases of the Most Senior Class of Notes with amounts standing to the credit of the Principal Reserve Account (see "*Description of the Principal Obligor Transaction Documents – Mandatory Prepayment from Principal Reserve Account and Market Purchases*" below). All such market purchases shall be made at any time before the earlier of (a) the day falling 35 days before the first Loan Payment Date falling at least 35 days after the date (the "**Trigger Date**") on which the amount standing to the credit of the Principal Reserve Account first reached £5,000,000 or more, or (b) the day falling 180 days after the Trigger Date, utilising the full balance on the account. Any Notes so purchased will immediately be surrendered to the Issuer pursuant to the Issuer/Borrower Loan Agreement and, upon receipt by the Issuer, shall be immediately cancelled pursuant to Condition 8(g) (*Redemption, Purchase and Cancellation – Purchase by the Borrower and Cancellation*) and the repayment schedule to the Issuer/Borrower Loan Agreement will be varied pursuant to Clause 9.3 (*Variations to Repayment Schedule on Prepayment*) of the Issuer/Borrower Loan Agreement. If such credit balance as at the first Loan Payment Date falling at least 35 days after the Trigger Date is not so used in making market purchases as described above, the Borrower will be obliged to apply such credit balance in making a prepayment under the Issuer/Borrower Loan and the Issuer will be obliged to redeem the Notes early as mentioned in "*Early Mandatory Redemption upon prepayment under the Issuer/Borrower Loan Agreement*" above.

The Borrower Priorities of Payments will not apply to prepayments and market purchases made from funds standing to the credit of the Principal Reserve Account.

Ratings

It is expected that the Class A Notes, when issued, will be assigned an "A" rating by Fitch and an "A (sf)" rating by S&P. It is expected that the Class B Notes, when issued, will be assigned a "BBB" rating by Fitch and a "BBB (sf)" rating by S&P.

Each Rating Agency is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such each of Fitch and S&P is included in the list of credit agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Particular attention is drawn to the section of this Prospectus entitled "*Risk Factors*".

Further Notes and New Notes

The Issuer will be entitled (but not obliged) at its option from time to time, without the consent of the Noteholders, to raise further funds by the creation and issue of Further Notes or New Notes as set out in Condition 20 (*Further and New Note Issues*).

Listing	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Other features of the transaction Issuer/Borrower Loan	On the Closing Date, the Issuer/Borrower Loan Agreement will be amended and restated and the Existing Advances under the Issuer/Borrower Loan will be refinanced in full with the effect that, following the issuance of the Notes, the outstanding amount of all tranches of the Issuer/Borrower Loan will be in an amount in aggregate equal to the aggregate principal amount outstanding of the Notes as at the Closing Date (the "Advance"). The Advance will consist of two tranches, one of which will correspond to the Class A Notes (the "A Tranche") and the other which will correspond to the Class B Notes (the "B Tranche") and each of the A Tranche and B Tranche, a "Tranche") Under the Issuer/Borrower Loan Agreement the Borrower will (to the extent only that the Issuer can make simultaneous drawings for such purpose under the Liquidity Facility) <i>provided that</i> certain conditions are met, be entitled to request Issuer/Borrower Liquidity Advances from the Issuer up to a maximum aggregate amount of £55,000,000. Principal payments under the Issuer/Borrower Loan will become due in accordance with a principal schedule, and prepayments of principal will be permitted in certain circumstances. Payments and prepayments of principal under the respective tranches of the Issuer/Borrower Loan will, subject to the Issuer Priorities of Payment, be applied in making corresponding payments and prepayments of principal under the corresponding tranches of Notes. The Issuer/Borrower Loan Agreement contains the principal commercial and operating covenants of the Borrower and the other members of the Securitisation Group relating to the transactions described in this Prospectus. For a description of the principal terms of the Issuer/Borrower Loan Agreement please see "<i>Description of the Principal Obligor Transaction Documents - Issuer/Borrower Loan Agreement</i>" below. The Issuer/Borrower Loan Agreement provides that the ratio of EBITDA to debt service cover shall not be less than 1.5:1 in respect of any 12 month period comprising four financial quarters. Subject to certain exceptions, the Obligor also covenant that they shall not make any Restricted Payment, unless the Restricted Payment Condition (as defined in "<i>Description of the Principal Obligor Transaction Documents - Issuer/Borrower Loan Agreement</i>" below) has been met. Under the Transaction Documents the Borrower agrees not to make payments out of the Loan Payment Account other than in accordance with the Borrower Priorities of Payments (which are set out in "<i>Description of the Principal Obligor Transaction Documents Borrower Post – Enforcement Post – Acceleration Priority of Payments</i>" below). Restricted Payments may also be made at any time from sums standing to the credit of the Restricted Payments Account.
Security granted by the Borrower Chargors	The Borrower Chargors (including the Securitisation Group) have granted the Borrower Security to the Security Trustee on behalf of the Obligor Secured Creditors (see " <i>Description of the Principal</i> ")

Obligor Transaction Documents - Senior Security"). Subject to the terms of the Security Trust Deed, the Security Trustee is obliged to act in accordance with the instructions of the Issuer only in respect of the Borrower Security ***provided that***, in the circumstances where the Issuer is the Instructing Creditor, it is acknowledged that, as a result of the Issuer's assignment of its rights to the Note Trustee pursuant to the Issuer Security Deed, the Note Trustee shall be entitled to instruct the Security Trustee in accordance with the terms thereof.

Working Capital Facility

Pursuant to the Working Capital Facility Agreement the Borrower is entitled (subject to the terms thereof) to make drawings under a revolving facility (the "**Working Capital Facility**") up to an aggregate amount of £5,000,000 to fund working capital requirements of the Securitisation Group. For a description of the principal terms of the Working Capital Facility Agreement please see "*Description of the Principal Obligor Transaction Documents - Working Capital Facility Agreement*" below.

Cash Management

The Issuer and certain members of the Securitisation Group have agreed that their bank accounts shall be operated in accordance with the provisions of the Issuer Cash Administration and Account Bank Agreement and the Obligor Cash Administration and Account Bank Agreement respectively, pursuant to which the Cash Administrator has agreed to manage the bank accounts and, as applicable, effect cash sweeps in respect of amounts standing to the credit of the bank accounts of the members of the Securitisation Group in order to manage the funds of the Securitisation Group in an efficient manner. Upon the occurrence of certain events the Note Trustee or Security Trustee (as applicable) will be entitled to replace DFL as the Cash Administrator for the Issuer or the Obligors respectively. For a description of the principal terms of the Issuer Cash Administration and Account Bank Agreement and the Obligor Cash Administration and Account Bank Agreement, please see "*Description of the Issuer Transaction Documents - Issuer Cash Administration and Account Agreement*" and "*Description of the Principal Obligor Transaction Documents - Obligor Cash Administration and Account Agreement*" respectively below.

Investor Website

Certain information relating to the operation of the Dignity companies (including the Investor Report referred to below) will be made available to beneficial owners of Notes on a secure website (the "**Investor Website**"). The Investor Website is password protected. Details of the Investor Website address and password will be available on application to the Note Trustee ***provided that*** each beneficial owner of a Note shall be required to provide the Note Trustee with confirmation of such beneficial owner of a Note's beneficial interest in the Notes (and, in the case of Notes held through a Clearing System, in accordance with any procedures of such Clearing System). On each Quarter End Date (as defined in the Conditions) access to the information on the Investor Website will be suspended and each beneficial owner of a Note will be required to provide further confirmation to the Note Trustee of such beneficial owner's beneficial interest in the Notes, whereupon such beneficial owner will be permitted access to the information on the Investor Website for the period until the next Quarter End Date.

The Investor Website and the information contained thereon does

not form part of this Prospectus.

Governing Law

The Notes and the Transaction Documents (other than the Standard Securities, the Deed of Variation to the Standard Securities and certain provisions of the Debenture, the Security Trust Deed and the Issuer Security Deed which are governed by Scots law and other than the Legal Mortgages which are governed by Northern Irish law) are or will be, as the case may be, governed by English law.

BUSINESS DESCRIPTION

In this section, the Issuer confirms that with respect to figures 1, 2, 4, 6 and 7, such information has been accurately reproduced from third party sources and that as far as the Issuer is aware and is able to ascertain from information published by such relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

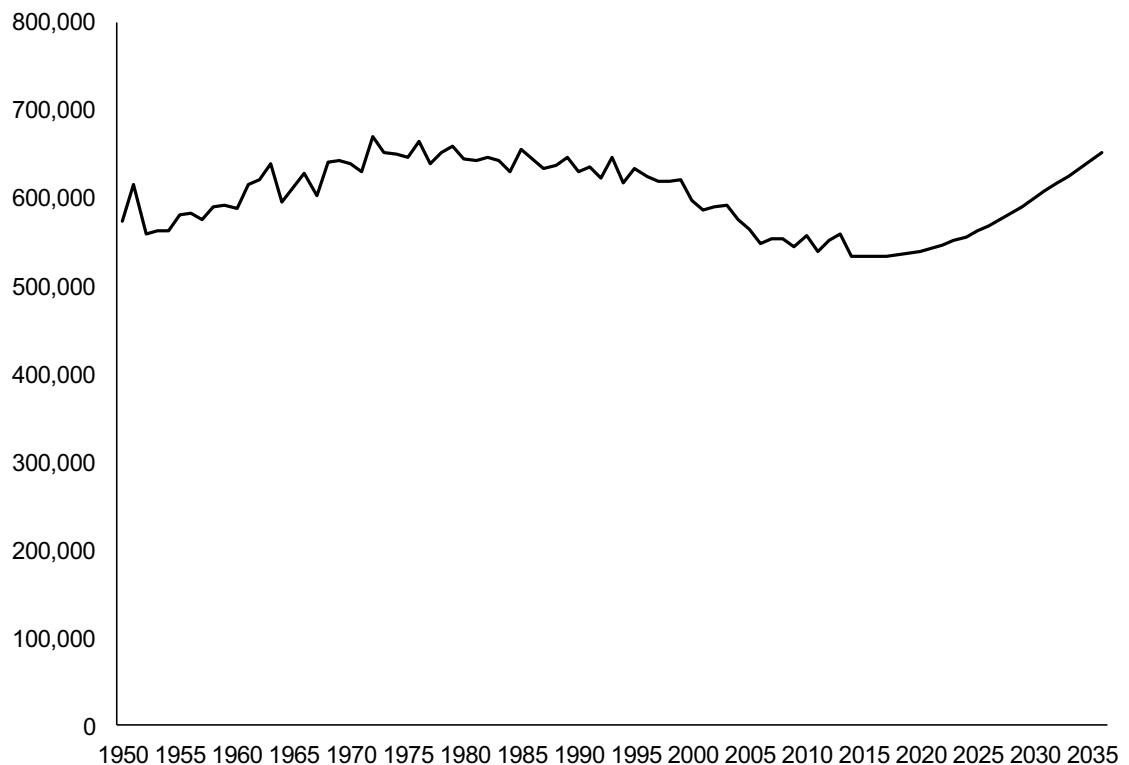
A. Introduction

The Funerals Industry

1. Demand for Funeral Services and Cremations

The demand for funerals and cremations in Great Britain is primarily driven by the number of deaths, which has historically been stable. Figure 1 illustrates historical and projected number of deaths (based on forecasts prepared by the Office for National Statistics (the "ONS") and for the Government Actuary's Department (the "GAD") for Great Britain).

Figure 1: ONS statistics number of deaths 1951–2013 and GAD projections 2014–2036

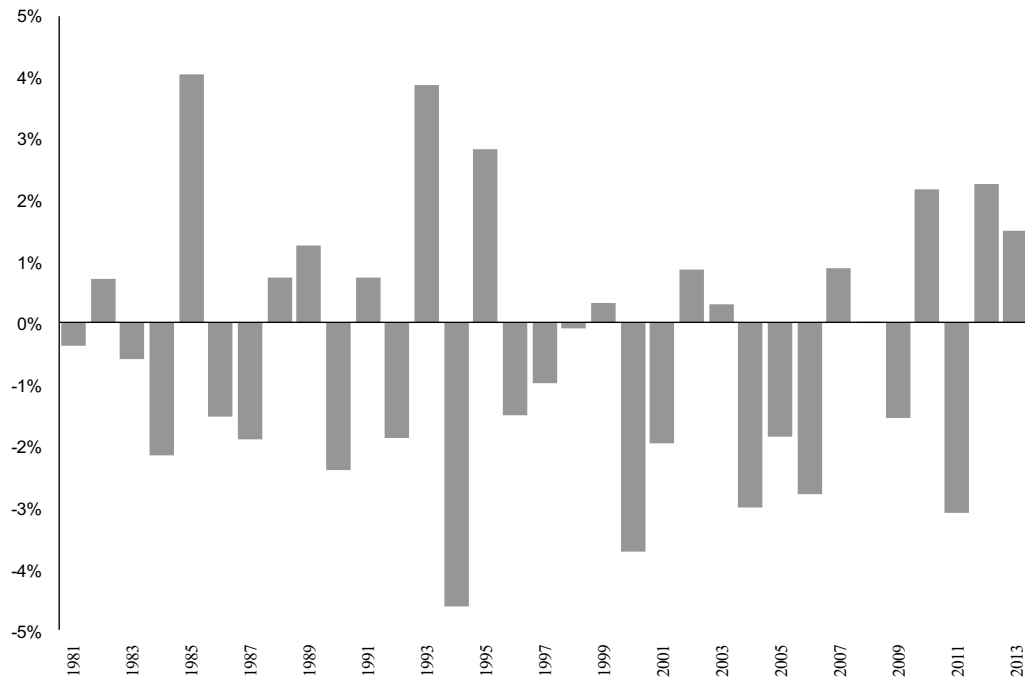


Source: www.gad.gov.uk (www.ons.gov.uk), ONS Mortality Statistics Report; Government Actuary's Department ("GAD") 2012-based projections. Crown copyright material is reproduced with the permission of the Office of Public Sector Information (OPSI).

The number of deaths has declined since the 1970s. The current GAD projections (as issued in 2012) forecast deaths on an annual basis through to 2037 (see Figure 1) and thereafter forecast an average number of deaths in 5-year increments. The GAD's forecast average annual number of deaths for the 3 years ending in the middle of June 2037 is 647,000. This increase in mortality is forecast to be driven by the expected growth in size of the over-60 population.

As illustrated by Figure 2, whilst the actual number of deaths can vary from year to year, over the past 30 years, the maximum year-on-year variation has not exceeded 5%, with the maximum variation over a 3-year period being no greater than 3%.

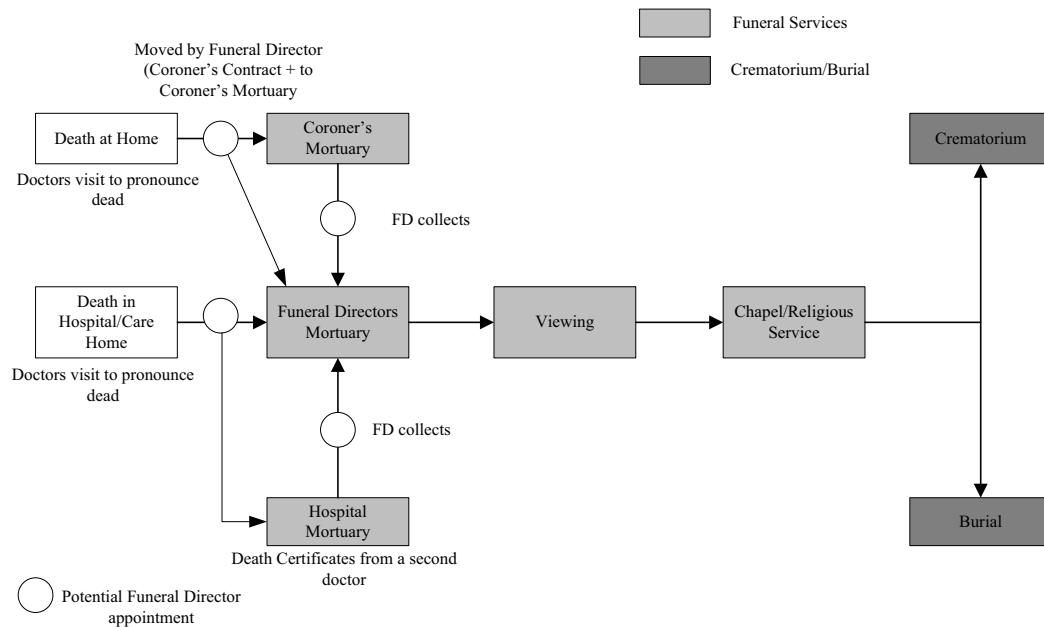
Figure 2: Year-on-year change in number of deaths, 1980-2013, Great Britain



Source: ONS. Crown copyright material is reproduced with the permission of the Office of Public Sector Information (OPSI).

2. The Market for Funeral Services

Figure 3: Funeral Process



Funeral directors offer a range of services, including those for which they take direct responsibility and those where they act as co-ordinator for services provided by others, such as cemetery and crematoria services. The services provided directly by a funeral director typically include bringing the deceased to their premises, caring for the deceased (which may include embalming) and viewing in a chapel of rest, provision of a hearse, coffin, limousines and drivers, organising the funeral on the day, dealing with administrative paperwork and assistance with legal matters.

Customers

Private individuals form the largest group of customers. Other organisations that use the services of funeral directors include local authorities, which have a duty under the Public Health (Control of Diseases) Act 1984 to arrange a burial or cremation where it appears that no suitable arrangements for the disposal of the body have been made. Coroners' offices also employ the services of funeral directors for the transportation of the deceased.

Selection of Funeral Director

Reputation, recommendation, previous experience, pre-arrangement and location are the customers' key criteria for the selection of a funeral provider.

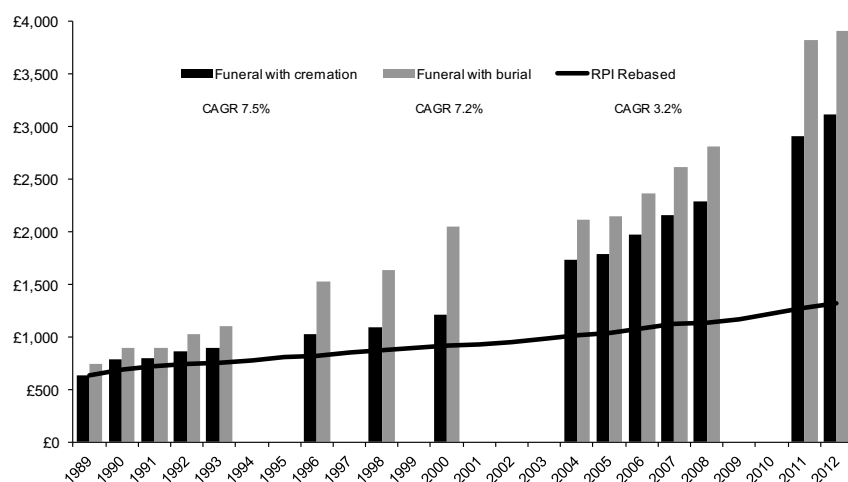
According to the consumer surveys prepared for the June 2001 Office of Fair Trading ("OFT") report on funerals, the main consideration when selecting a funeral director was "obtaining a trouble-free and dignified service". The OFT report states that in choosing a funeral service provider more than 71% of funeral arrangers turn to friends or other members of the family who have first-hand experience of arranging a funeral or in some cases consult members of the medical profession. The OFT report also states that in 92% of cases customers make one approach to a single funeral director.

Dignity sends a client satisfaction survey to each family its funeral directors have provided services for. For the period commencing January 2011 and ending December 2013, approximately 51% of families responded. Dignity's surveys provide continued support for the OFT's findings that reputation and recommendation are the principal drivers of funeral director selection. Further, Dignity's surveys show that location is also an important factor for selecting a funeral director and, absent a recommendation or previous experiences, funeral directors are likely to be chosen for the proximity of their funeral location to the deceased's family.

The OFT survey found that service quality was a primary consideration whilst price was "generally a secondary" consideration.

Figure 4 demonstrates that the average cost of funerals has increased ahead of inflation.

Figure 4: Average spend on a basic United Kingdom Funeral as compared to RPI



Source 1: 1989 to 2000 – Odd fellows funeral price survey (no surveys were performed in 1994, 1995, 1997 and 1999)

Source 2: 2004 to 2008 – Mintel Research

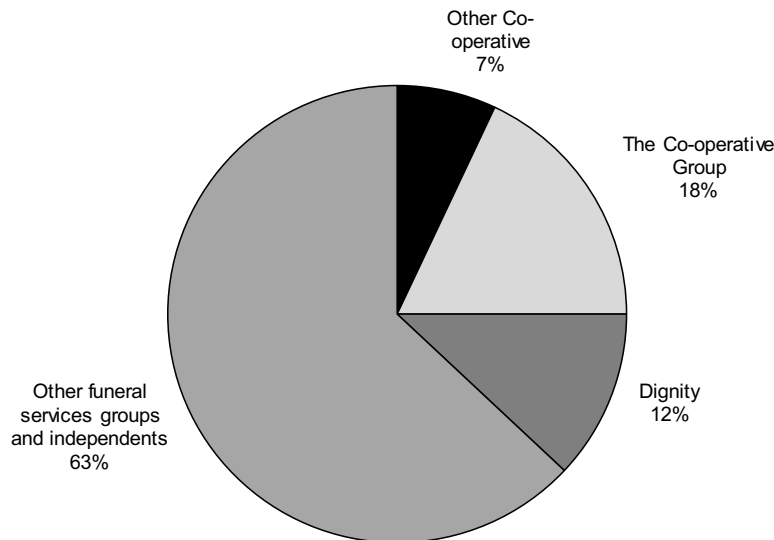
Source 3: 2011 to 2012 - Matter Communications

Note: No surveys were performed between 2001 and 2003 or between 2009 and 2010 and the Matter Communications research (Source 3) was not performed on a comparable basis to the previous surveys.

Market Participants

While there are 3 large providers in the UK funeral services market, the largest share of the market is served by independent funeral directors, as shown in Figure 5.

Figure 5: Approximate market share (as a percentage of all deaths) of funeral services in Great Britain by number of funerals



Source: Dignity estimates at December 2013

The Co-operative Group is the largest provider of funeral services in the United Kingdom and competes with Dignity on a national basis.

There are a number of small multi-site operators, including some smaller co-operatives, but only a very few exceed a market share, by number of funerals, of 1%. Independent funeral directors are small businesses usually family run, which Dignity believes typically perform an average of 100 to 150 funerals per annum.

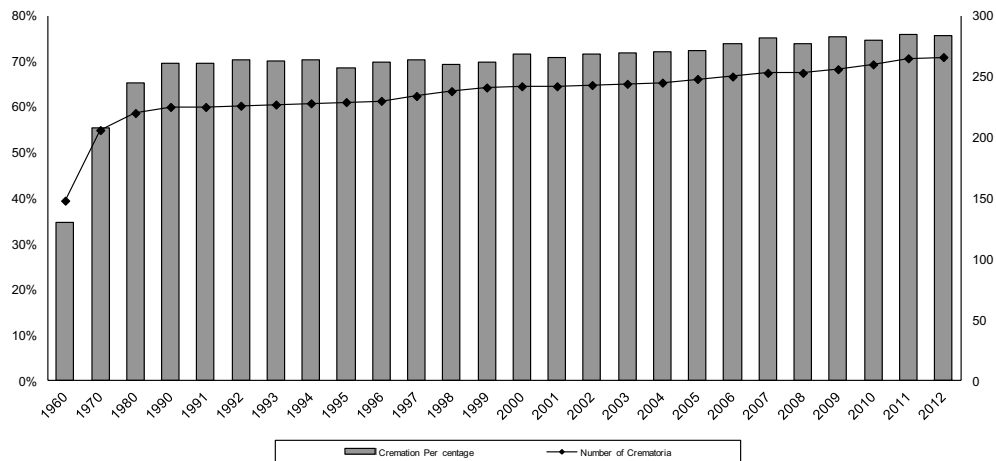
3. ***The Market for Cremations***

History

According to the Cremation Society of Great Britain, the first crematorium in the United Kingdom opened in 1885. By 1964, there were 182 operating facilities cremating 43% of the deceased. This number rose to 225 by 1990 and at the end of 2012, there were 266 crematoria operating in Great Britain. As at the end of 2012 local authorities operated approximately 72% of all crematoria.

Whilst cremations were originally introduced in some densely populated areas as a result of shortage of burial space, it is now reported by the Cremation Society of Great Britain and ONS that cremation is the preferred choice of a majority of the population in the United Kingdom. The ratio of cremations to burials has remained stable (as shown in Figure 6) since the 1980s at approximately 72% in favour of cremation.

Figure 6: Cremations as a percentage of all deaths



Source: The Cremation Society of Great Britain and ONS

The Cremation Process

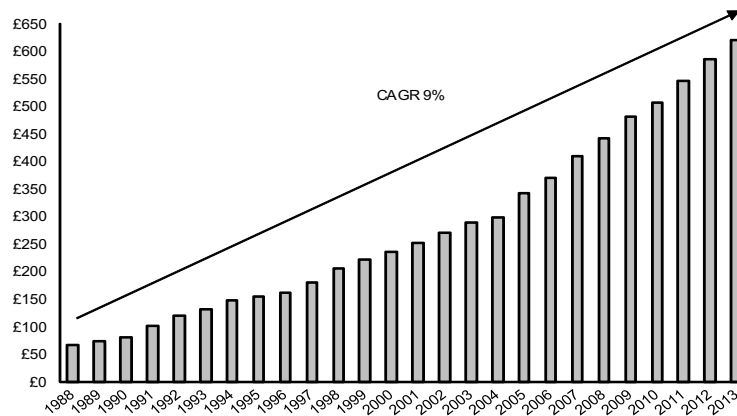
The services provided as part of the cremation process are charged to the funeral director. The funeral director passes these charges through as a part of his invoice to the family of the deceased. These services usually include, as a minimum, cremation of the deceased, use of the service chapel, scattering or interment of the ashes in an unmarked place within the grounds and securing the appropriate Ministry of Justice permissions. For an additional charge relatives of the deceased can also choose further services including memorialisation.

Selection of Crematoria

There were 266 crematoria in Great Britain at the end of 2012. The distance between these facilities makes proximity the key determinant of customer choice. Barriers to entry exist in that proof of the need for a crematorium has to be established prior to planning approval being considered. Generally there is considerable public resistance to new build plans due to environmental and perception concerns. The relatively high cost of building a new crematorium (approximately £4-5 million) further limits the number of potential new entrants to the market.

The rise in average cremation price levels over recent years as shown by Figure 7 has been influenced by inflation and by factors such as an increase in the price of cremations generally, imposed by operators in order to update crematoria to comply with the Environmental Protection Act 1990 and more recently to comply with the mercury emissions legislation, which is described further in Section 5 (*Regulatory environment*).

Figure 7: Industry-wide cremation prices



Source: The Cremation Society of Great Britain

4. ***The Market for Pre-arranged Funerals***

Pre-arranged funerals are purchased by individuals who wish to organise and pay for funerals prior to death. The customer either chooses from a number of package funerals or can make bespoke arrangements. When agreeing to purchase a pre-arranged funeral, the customer pays for the plan in full or by instalments. In schemes similar to that offered by Dignity, the money received is paid into a trust, or alternatively is used to buy a whole of life insurance policy. At the time the funeral is performed, the funeral director receives payment from the trust or from insurance policy proceeds.

5. ***Regulatory environment***

Funeral Services

The funeral services market is currently unregulated. The OFT has investigated the industry 3 times: in 1989, 1995 and 2001. It made recommendations, most of which were incorporated into the Codes of Practice of the industry trade associations. In addition, the OFT confirmed that no unfair pricing practices were present in the industry. In its 2001 report, the OFT said that it favours "**encouraging trade associations to develop robust industry codes of practice**" rather than "**recommending new legislation**". In the OFT consumer survey for its 2001 report, over 96% of respondents said they were either "**satisfied**" or "**very satisfied**" with the funeral services provided to them.

Crematoria

The crematoria industry is subject to various European, United Kingdom and local environmental laws and regulations relating to protection of the environment and health and safety matters.

In relation to air emissions, the current operation of crematoria is subject to the Secretary of State's Guidance PG 5/2(04), which prescribes processes for air pollution control by local enforcing authorities.

In January 2005 the Department of Environment Food and Rural Affairs made an announcement requiring the crematoria industry to install equipment to cut mercury emissions by 50% nationally by 31 December 2012 under new statutory guidance. As a result of the announcement, 50% of all cremations at existing crematoria were required to be subject to mercury abatement. Newly constructed crematoria are also required to have this equipment installed for mercury abatement.

Emission reductions are achieved either by having abatement equipment fitted or by trading emissions through the CAMEO trading scheme set up by the Federation of British Cremation Authorities. The Dignity Group is compliant with these legislative requirements on mercury

abatement, with 20 of the Dignity Group's portfolio fitted with abatement equipment, enabling it to achieve the percentage of cremations required to be subject to mercury abatement.

Pre-arranged Funeral Plans

Under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, the provision of qualifying funeral contracts was cited as a controlled activity. Pre-arranged funeral contracts can be excluded from this definition if the customers' money is used to purchase a whole of life insurance contract or is paid into a trust. In the case of monies paid into a trust certain criteria need to be satisfied: the trust must be established by a written instrument; more than half of the trustees must be unconnected with the provider; the trustees must appoint or have appointed an independent fund manager who is an authorised person who has permission to carry on an activity of the kind specified and who is a person who is unconnected with the provider to manage the assets of the trust; annual accounts must be prepared and audited; and the assets and liabilities of the trust must, at least once every 3 years, be determined, calculated and verified by an actuary.

The type of pre-arranged funeral plans offered by Dignity currently fall within the exclusion described above.

B. The Dignity Group

1. Dignity Group Overview

Dignity is the United Kingdom's only listed provider of funeral related services (funeral services, crematoria and pre-arranged funerals).

On 11 February 2002, Dignity Services was the subject of a £235 million management buyout.

The senior acquisition debt was refinanced by a bridge facility provided by JP Morgan Chase Bank on 20 December 2002. This in turn was refinanced on 11 April 2003, when the Dignity Group raised £210 million by issuing the First Initial Securitisation Notes.

On 19 March 2004, the Dignity Group re-organised as part of an initial public offering of shares listed on the London Stock Exchange which took place on 8 April 2004. The listing raised £123.0 million before expenses, which was used by the Dignity Group to repay junior debt, secure a more diversified ownership and provide more stable financing for the Dignity Group.

Dignity Finance plc issued, following the Initial Securitisation Closing Date, the Second Initial Securitisation Notes, Third Initial Securitisation Notes, and Fourth Initial Securitisation Notes (on 21 February 2006, 27 September 2010 and 30 July 2013 respectively), raising further aggregate gross proceeds of £275 million.

As at the date of this Prospectus, the Dignity Group's only other debt funding is a £15.8 million crematorium acquisition facility, which is fully drawn. Interest thereon is paid on a quarterly basis at a fixed rate of 3.3%. The principal is repayable as a bullet payment in January 2018. This facility is drawn by D2008 outside of the Securitisation Group and was used to acquire the entire issued share capital of DCL (which owned 5 crematoria) on 24 November 2008. DCL has subsequently acquired 2 further crematoria. These assets are secured outside of the Securitisation Group. Dignity plc has guaranteed the interest payments under the facility to the extent that it has cash freely available.

As a result, the only material external debt currently held by the Securitisation Group is the Initial Securitisation Notes.

2. Key Management Team

Mike McCollum (Chief Executive), Age 47, 18 years with Dignity

Mike joined Dignity's former parent, SCI, in 1995 from KPMG Corporate Finance in London. As Finance Director he was part of the management team that guided the Dignity Group through the leveraged buyout in 2002 and IPO in 2004. He was appointed Chief Executive in 2009. He

has a law degree from Birmingham University, is a solicitor and also holds an MBA from Warwick University.

Steve Whittern (Finance Director), Age: 40, 15 years with Dignity

Steve joined the Group in 1999 from KPMG. He was appointed Finance Director at the beginning of 2009, having spent the previous 2 years as Financial Controller, being responsible for the Dignity Group's finance function. Steve led the further debt issue and resulting return of cash to shareholders in 2010 and 2013 and the debt and equity funding for the Yew Acquisition. Steve is an FCA and holds a mathematics degree from Warwick University.

Andrew Davies (Operations Director), Age: 52, 21 years with Dignity

Andrew joined his family owned business in 1979 and worked as a funeral director and embalmer until the business was sold to Great Southern Group in 1993. He then held various management positions within Great Southern Group and following the acquisition by SCI in 1994, held senior operational positions within SCI (UK). He became Operations Director in 2001 and was a member of the management buyout team in 2002.

Richard Portman (Corporate Services Director and Company Secretary), Age: 53, 15 years with Dignity

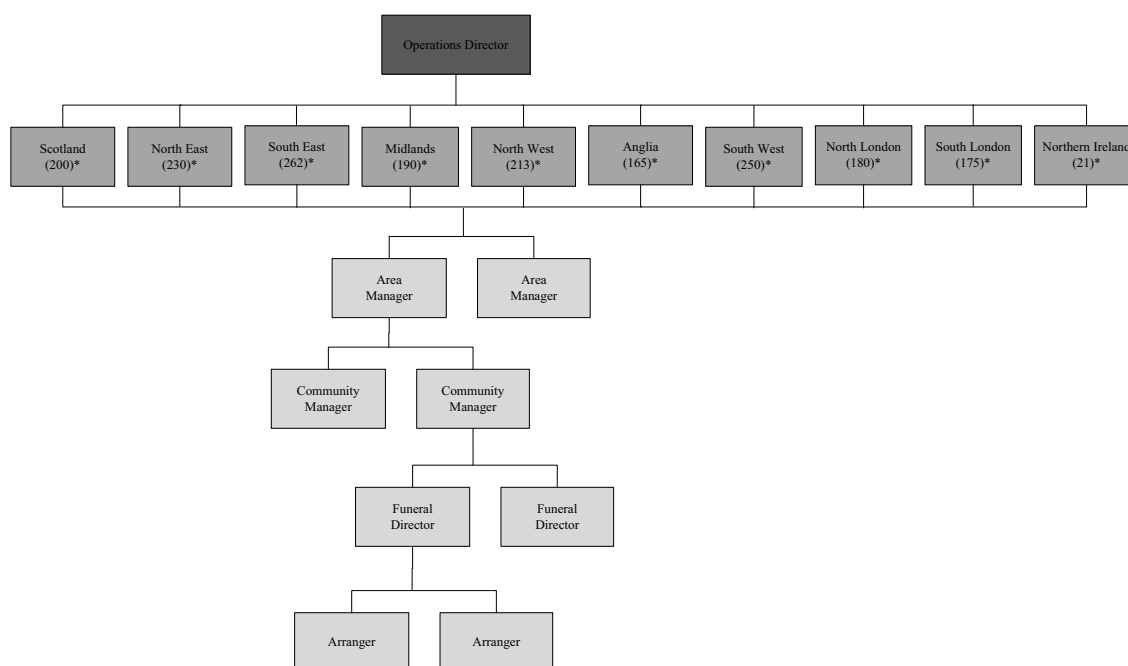
Richard joined SCI from HSBC as Chief Accountant in 1999. Following the IPO, Richard was appointed as Company Secretary and became Corporate Services Director in 2006. Richard is an FCA, holds a geography degree from Birmingham University, is a Fellow of the Chartered Management Institute and a Member of the Investor Relations Society.

C. **Funerals**

The Dignity Group operated 698 funeral locations as at the end of June 2014. These locations are grouped into 108 areas across 10 geographical regions. The 10 regions (see Figure 8) are North London, South London, Scotland, North East, North West, Midlands, South East, Anglia, South West and Northern Ireland.

This portfolio provides wide geographical coverage of United Kingdom, as shown in Figure 9. This national coverage operates sharing local resources on a "**cluster**" basis enabling Dignity to achieve efficiency in the utilisation of its mortuary facilities and its vehicles.

Figure 8: Dignity Group Funeral Services Organisation

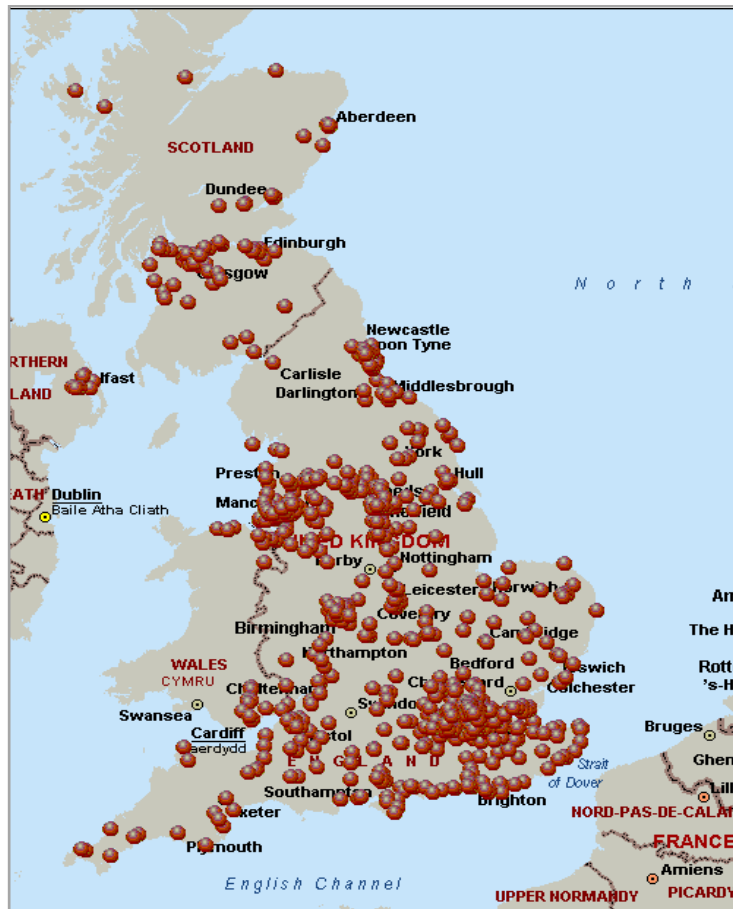


Notes

1. Figures shown are approximate Full-Time Equivalent Employees as at June 2014
2. Similar structure applies in all regions.

Source: Dignity

Figure 9: Dignity Group Funeral Branch network



Source: Dignity

1. **Customer Service**

Reputation, recommendation or previous experience accounts for 70% of Dignity's funeral service volume. Dignity operates a service quality programme called "**Helping Our Clients Every Step of the Way**". This programme focuses on consistency of service and customer satisfaction and includes the following elements:

Staff training and induction

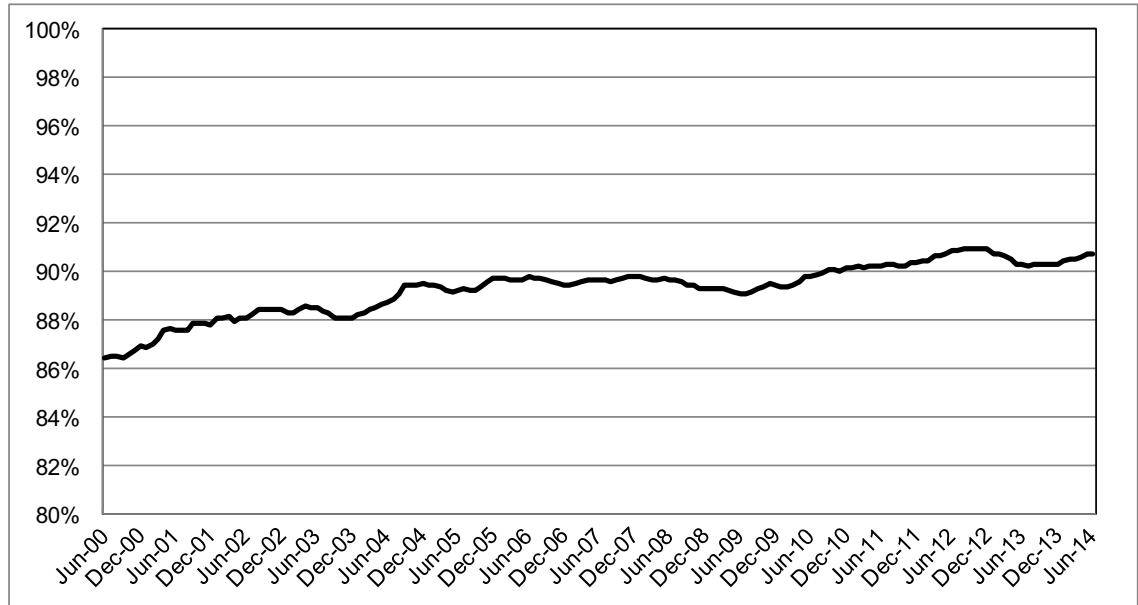
Staff induction is carried out at a local level with operating staff given a pack of induction information and training in the key areas of arranging a funeral, bringing the deceased into Dignity's care and spending time with the relatives during viewings. Training programmes are rolled out on a national basis, with the local funeral services manager taking responsibility for the training. Dignity has written an Operations Manual defining procedures for key customer facing activities, which addresses areas such as identification and caring for the deceased, discussing funeral arrangements and costs with customers, dealing with complaints and handling the local media.

Proactively sought client feedback

Dignity has instituted processes for customer surveys, carried out on a month-by-month basis. For the period commencing January 2011 and ending December 2013, approximately 51% of families responded. Surveys are monitored at all levels: nationwide, regional, community groups and individual branches. Feedback is sought on all aspects of the customer experience, ranging from prompt answering of the telephone through to staff helpfulness and customer satisfaction with the overall cost of the funeral. Results of the survey are made available to the branches within a month of receiving the survey forms back from the customers.

As shown in Figures 10A and 10B, Dignity receives consistent positive customer satisfaction responses. The key measure of this is the percentage of customers who, out of those who responded to the customer survey, indicate that they would **"definitely recommend"** Dignity's services as shown in Figure 10A.

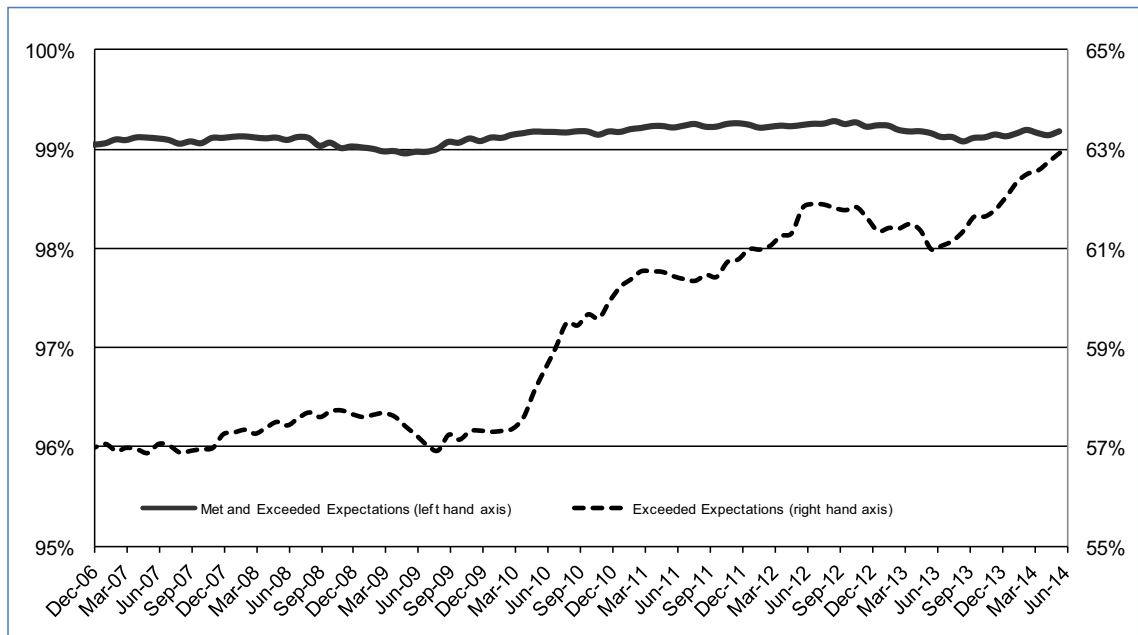
Figure 10A: Client Survey – respondents who would "definitely" recommend Dignity (12 month rolling average).



Source: Dignity

Customers are asked whether they would (a) "definitely", (b) "probably", (c) "maybe", or (d) "definitely not" recommend Dignity.

Figure 10B: Client Survey – respondents who believed Dignity met and exceeded their expectations.



Source: Dignity

Regulatory compliance

Dignity's practices and procedures comply with OFT recommendations in the 2001 report such as those relating to price transparency, declaration of ultimate ownership and written estimates.

Dignity participates actively in industry matters through its membership of the NAFD.

Complaints management

Dignity has defined procedures for the monitoring and resolution of customer complaints. In 2013, complaints were received in respect of approximately 1% of all funerals undertaken. Any customer who indicates on a client survey that they would "**definitely not recommend**" is treated as a complaint.

24-hour customer service centre

Dignity offers a 24-hour personalised telephone service, particularly to cover periods when branches are closed.

Public relations activity

Dignity employs a full time public relations manager who reports directly to the Corporate Services Director and who is available on a round-the-clock basis to resolve public relations issues. Relationships are fostered locally with opinion formers and the Dignity name is promoted through various initiatives. Dignity actively encourages staff members to support local fundraising and national charities.

2. **Revenue Analysis**

Figure 11: Financial performance of the Securitisation Group – Funeral Services

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Net Revenues (£ million)	138.5	143.3	144.9	153.5	167.6
Funeral Services EBITDA (£ million)	52.9	55.4	56.9	60.3	66.3
Total Number of Funerals Performed	65,000	64,500	61,600	61,200	63,400
Thereof: at-need	54,800	53,600	50,100	48,200	49,400
Thereof: pre-arranged	10,200	10,900	11,500	13,000	14,000
Average Net Revenue per funeral (£)	2,131	2,222	2,352	2,508	2,644
Average Net Revenue per funeral, CAGR 2009 - 2013					5.5%

Source: Dignity

All funerals are provided through DFL.

Funeral charges account for over 92.1% of this division's revenues. Other major sources of revenue are memorials and flowers. The average price of a funeral varies by location. However, standard products and coffins are charged at a consistent price. Prices of Dignity funeral services have typically increased each year and, in line with the rest of the industry, these increases have been above inflation. As illustrated above the average net revenue earned from each funeral has increased by 5.5% on a CAGR basis from 2009 to 2013.

The average net revenue per funeral for the Securitisation Group (excluding Yew Holdings Limited and its subsidiaries ("**Yew Group**")) in FY 2013, was £2,669,² representing an increase

² *Source: Dignity*

of 5.8%³ on a CAGR basis from 2009 to 2013. The average net revenue per funeral for the Yew Group for the period following the Yew Acquisition in FY 2013 was £1,867.⁴

DFL also provides funeral services for customers who have pre-arranged their funerals. In the majority of such cases these relate to pre-arranged funerals marketed and administered by one of the Dignity marketing companies. In most other cases, the customer has entered into a whole of life insurance contract with a third party insurance provider where DFL has taken a legal charge over the policy proceeds which are applied to pay for the funeral upon the death of the relevant customer. Over the last 3 financial years, pre-arranged funerals on average accounted for approximately 21% of Dignity's total funeral volume. Dignity currently has approximately 323,000 unfulfilled pre-arranged funeral plans.

Net revenues are stated after discounts, which include pre-arranged funeral discounts. These represent the difference between the standard list price of the funeral at the time at which it is provided and the amount that is reimbursed by the pre-arranged funeral trust or insurance policy for providing the service at that time. The average amount received for the performance of a pre-arranged funeral was £1,385⁵ in 2013 (excluding disbursements).

Dignity pays certain disbursements ("**Disbursements**") such as crematoria fees, burial plots, ministers' fees and doctors' fees on behalf of its clients. These amounts are recovered as part of the invoicing process. However, these amounts are not included within net revenues as they generally do not provide a margin for the Dignity Group.

3. *Cash Collection Mechanics*

When a funeral is ordered, details are booked via a computerised system in the local Dignity business centre which is associated with that particular branch. A deposit is usually requested upon arrangement of the funeral and this generally covers Disbursements. Funerals are usually invoiced approximately 1 week after the service is performed. In the majority of cases customers pay by cheque, credit card or debit card. All such amounts and any cash received at local branches are banked into one of its accounts held at National Westminster Bank Plc in the name of DFL.

Invoices have 30-day settlement terms and Dignity has a defined debt collection procedure. If a client account remains unpaid Dignity will make use of an external debt collection agency to recover the debt. This typically takes place when an account is 90 days past its due date. Bad debts have averaged approximately 1% of net revenue in the past 3 years.

4. *Property*

As at the end of December 2013, the funeral services business of Dignity operated out of 690 funeral locations across Great Britain. Figure 12 shows details of Dignity's funeral location property portfolio by region.

³ Source: Dignity

⁴ Source: Dignity

⁵ Source: Dignity

Figure 12: Distribution of Funeral Location properties by region (December 2013)

Region	No. of sites	% of Funeral Volume	% of Funeral Revenue
Anglia.....	59	9.6%	8.6%
North London.....	70	7.6%	8.4%
South London.....	70	8.3%	9.4%
Midlands.....	71	8.8%	8.6%
North East.....	74	12.8%	12.3%
North West.....	82	11.1%	10.9%
Scotland.....	66	9.1%	9.7%
South East.....	98	14.6%	14.4%
South West.....	92	16.6%	16.2%
Northern Ireland.....	8	1.5%	1.5%
Total ¹	690	100%	100%

Notes

Footnote 1: Excluding contract locations and telephone branches, which contributed a total of 480 funerals in FY 2013. Telephone branches are funeral location outlets that no longer exist as shop fronts, but where the local name and phone number have been retained and are still listed in a directory. The number is re-routed to a nearby Dignity funeral location by which the service will be performed. This is typically done where as a result of the acquisition of a portfolio of funeral locations, there are more Dignity funeral locations in one area than required. Contract locations are administration centres that have agreements in place with authorities to perform services on their behalf.

Note: Information correct as at December 2013. Subsequent to this date, 2 new satellite locations have been opened, 2 locations have been closed and 8 locations have been acquired. Further locations may be acquired by Dignity, in accordance with the terms of the Transaction Documents, prior to the Closing Date.

Source: Dignity

A typical Dignity funeral location is a secondary retail site and consists of a shop front, a reception area and chapel of rest. In the London area, there are also 4 large business centres, which provide mortuary and vehicle facilities to the entire London area. In other highly populated areas, the business centres are located in larger funeral locations.

The property portfolio consists of freehold (which expression shall include the Scottish equivalent), long leasehold (being leases with an unexpired term in excess of 35 years) and short leasehold properties. Dignity has a dedicated property management department, which manages the property portfolio.

Figure 13: Funeral Locations portfolio by tenure (December 2013)

Tenure	No. of sites	of Funeral Volume	of Funeral Revenue
Freehold	308	55.1	54.9
Long Leasehold ¹	18	2.0	2.1
Leasehold	364	42.9	43.0
Total ²	690	100	100

Notes

Footnote 1: Remaining term exceeding 35 years.

Footnote 2: Excluding contract locations and telephone branches, which contributed a total of 480 funerals in FY 2013.

Note: Information correct as at December 2013. Subsequent to this date, 2 new satellite locations have been opened, 2 locations have been closed and 8 locations have been acquired. Further locations may be acquired by Dignity, in accordance with the terms of the Transaction Documents, prior to the Closing Date.

Source: Dignity

In FY 2013, no single location accounted for more than 0.9% of total funeral volume and the top 10 locations across the property portfolio accounted for approximately 6% of total funeral volume. In the short leasehold portfolio, the largest single location accounted for less than 1% of

total funeral volume and the top 10 short-leasehold locations accounted for approximately 5% of total funeral volume in FY 2013.

Dignity has an ongoing programme of upgrading and refurbishing its funeral locations. This includes shopfitting, general maintenance, signage and replacing windows and roofs as necessary.

5. *Vehicle Fleet*

As at June 2014, Dignity's vehicle fleet consisted of 1,377 vehicles, which are owned by DFL. The fleet is comprised of the following vehicles: 271 hearses, 379 limousines and 727 private ambulances, saloons and estate cars.

Dignity has a rolling programme of vehicle replacement.

6. *Market Share*

Figure 14: Market share – Funerals

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Great Britain Estimated Death Rate.....	545,000	557,000	539,000	551,000	560,000
Funeral Volumes.....	65,000	64,500	61,600	61,200	63,400
Core Branch. ¹	11.4%	10.9%	10.5%	10.3%	9.8%
Openings / Acquisitions.....	0.3%	0.5%	0.8%	0.7%	1.3%
Sub Total.....	11.7%	11.4%	11.3%	11.0%	11.1%
Disposals & Closures.....	0.1%	0.0%	0.0%	0.0%	0.0%
Total.....	11.8%	11.4%	11.3%	11.0%	11.1%

Footnote 1: Branches trading continuously from 1 January 2009 to 28 December 2013 inclusive.

Note: All market share quotes relate to funerals performed in Great Britain only.

Source: Dignity

Some of the Dignity Group's key performance indicators rely on the total number of estimated deaths for each period. This information is obtained from the ONS. Historically, the ONS has updated these estimates from time to time. However, to maintain consistency of reporting, the Dignity Group does not restate any of its key performance indicators when these figures are restated.

Fluctuations in core market share reflect a combination of factors. Regional variations in the number of deaths from year to year occur for a variety of (principally, demographic) reasons. Furthermore, new competitors may adversely affect the Dignity Group's market share. With its portfolio of largely fixed funeral locations and in the absence of acquisition and disposals, a slight decline in market share will be experienced. Figure 15 illustrates acquisitions made since 2009.

Whilst a precise list of all funeral directors is not available, data from Matter Communications and Yell suggest that the number of funeral directors in the UK has increased from approximately 4,300 in 1998 to 5,500 in 2013.

Although competition is increasing, the nature of a service business is that the quality of service being provided is not known in advance. Consequently, reputation and recommendation remain a key driver in a person's choice of funeral director.

Figure 15: Acquisitions since 2009

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Funeral Location Acquisitions	8	6	1	6	66

Source: Dignity

7. ***Business strategy for funeral services***

Strong management of core portfolio

Dignity operates in a traditional market where people use its services based on reputation, recommendation or previous experience. It believes its continued commitment to excellent service for its clients will generate a high level of referral and organic revenue growth.

The Dignity Group also continues to focus on tight control of operating costs combined with increasing the average revenue per funeral.

Acquisition of established funeral locations

Geographic population movements, together with new entrants into local markets, mean that the acquisition or opening of funeral businesses is both a means of growing the business and may in certain circumstances be an appropriate strategy to defend market share. Funeral businesses may grow or decline as local populations change and changing the composition of the property portfolio over time may therefore be appropriate to follow demand for funeral services.

Dignity continually assesses opportunities for the acquisition of established businesses. Of particular interest are businesses performing 200 funerals per annum or more. The first acquisition since the management buyout in 2002 was completed in October 2002 with 156 funeral locations in total (including 40 from the Yew Acquisition) added since that date. Typical transaction values for such acquisitions are between £0.5 million and £5 million.

New Satellite Locations

From 2010 until the end of December 2013, the Dignity Group opened 74 satellite locations. The decision to open satellite locations recognised that approximately 14% of the funerals performed by Dignity are due to the convenience of the location, as opposed to other factors.

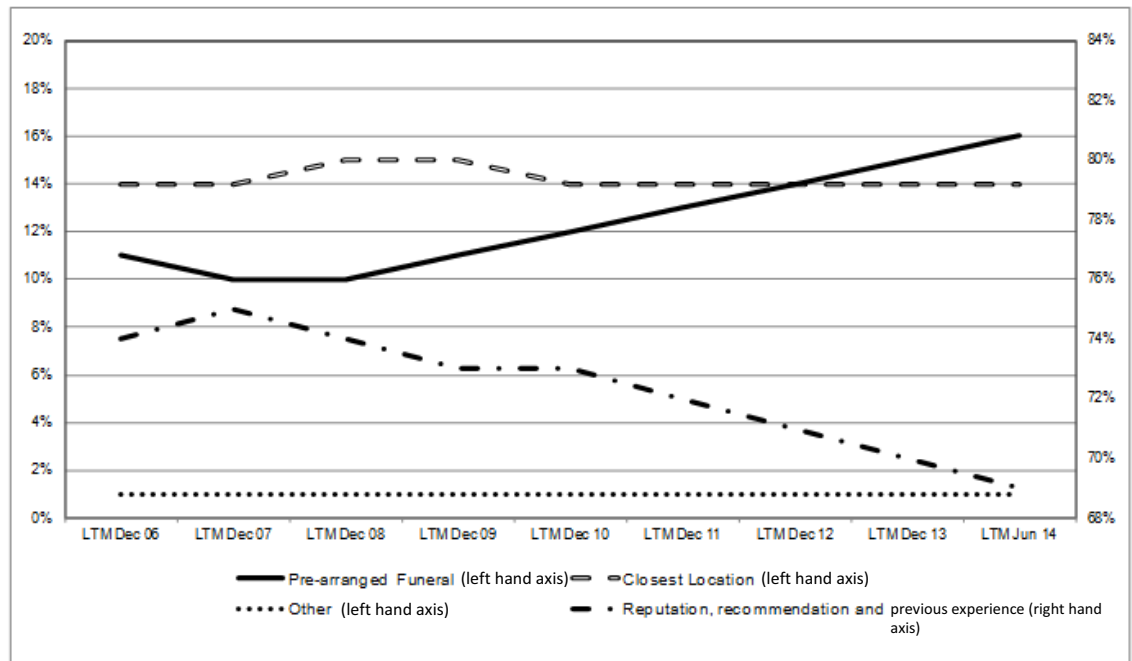
These locations are opened in short leasehold premises, with capital expenditure being kept to a minimum. Geographically, new locations are targeted which are sufficiently close to existing funeral hubs that they do not require additional vehicles or mortuary equipment and can rely on existing funeral staff to perform the funerals to the same standard as funerals are performed in established locations.

The Dignity Group expects to open further satellite locations in the coming years given those already opened are a net contributor to profit.

Increasing backlog of pre-arranged funeral plans

To help secure future funeral volume Dignity continues to focus on increasing the backlog of pre-arranged plans, both through sales of pre-arranged funeral plans through its national branch network and through affinity partners.

Figure 16: Responses to the question "Why did you decide to use this funeral director to conduct the funeral?"



Source: Dignity

Figure 16 shows that although reputation, recommendation and previous experience remain the most important source of funerals, funerals as a result of pre-arranged funeral plans are becoming an increasing source of business.

D. Crematoria

As at the end of June 2014, Dignity operated a portfolio of 39 crematoria throughout Great Britain.

Figure 17: Dignity Crematoria network



Source: Dignity

As at June 2014 Dignity owned or operated 39 operational crematoria of which 9 have adjoining cemeteries. Of these 39 crematoria, 21 are held freehold, 16 long leasehold, 1 leasehold and 1 is held on an operating license from a local authority. 17 of these crematoria are situated on land rented by either DFL or DCL (under a lease) from local authorities. Including the 9 cemeteries described above, Dignity operates and maintains 21 cemeteries in total.

The table below shows Dignity's existing crematoria portfolio:

Figure 18: Crematoria

Location	Cremations 2008	Cremations 2009	Cremations 2010	Cremations 2011	Cremations 2012	Cremations 2013	Tenure
South London.....	1,078	921	1,001	893	884	1,026	Freehold
Surrey & Sussex.....	3,056	2,980	2,988	2,925	3,007	3,040	Freehold
Exeter & Devon.....	3,208	3,007	3,050	2,456	2,346	2,361	Long Leasehold
Glynn Valley	1,362	1,435	1,396	1,430	1,451	1,525	Long Leasehold
Oxford	2,431	2,387	2,443	2,516	2,478	2,552	Freehold
Counties - Northampton	1,757	1,732	1,830	1,801	1,880	1,926	Freehold
Chichester	2,284	2,240	2,215	2,241	2,146	2,125	Long Leasehold
Grantham	1,099	1,040	1,050	1,107	1,108	1,082	Long Leasehold
Beckenham	1,951	1,973	1,914	1,883	1,842	1,774	Freehold
Basingstoke	1,605	1,659	1,675	1,658	1,696	1,815	Long Leasehold
Randalls Park	2,198	2,199	2,208	2,194	2,238	2,252	Freehold
Holmsford Bridge	1,285	1,264	1,197	1,302	1,285	1,410	Freehold
Birmingham	957	912	905	839	1,002	855	Freehold
Loughborough	1,721	1,550	1,674	1,656	1,621	1,664	Leasehold
Nuneaton	1,909	1,939	1,994	2,009	1,924	2,073	Long Leasehold
Lancaster & Morecambe	1,807	1,780	1,785	1,752	1,738	1,871	Freehold
Dundee	1,591	1,552	1,591	1,569	1,590	1,507	Freehold
Holytown	1,200	1,214	1,211	1,183	1,122	1,127	Long Leasehold
Norwich St Faith	2,360	2,428	2,322	2,202	2,330	2,346	Freehold
Earlham	1,551	1,589	1,602	1,567	1,601	1,631	Long Leasehold
Hawkinge	622	617	637	639	660	675	Long Leasehold
The Downs	1,320	989	884	918	966	1,397	Freehold
East London	420	575	563	501	581	574	Freehold
Rotherham	675	1,889	1,822	1,826	1,933	1,889	Licence
Moray	109	425	478	477	458	508	Freehold
Three Counties	-	347	678	768	837	850	Freehold
Wear Valley	-	244	362	444	580	674	Long Leasehold
Sherwood Forest	-	622	963	1,045	1,041	1,073	Freehold
East Lancashire	-	582	954	930	950	984	Long Leasehold
Charnock Richard	-	601	985	1,088	1,130	1,129	Long Leasehold
March	-	-	201	616	674	747	Freehold
Weston-super-mare	-	-	405	1,569	1,340	1,414	Long Leasehold
Telford	-	-	172	1,177	1,215	1,243	Long Leasehold
Mendip	-	-	-	403	658	683	Freehold
Wyre Forest.....	-	-	-	5	771	881	Long Leasehold
Haringey.....	-	-	-	-	1,333	2,038	Long Leasehold
Brentwood.....	-	-	-	-	82	481	Freehold
Haltemprice.....	-	-	-	-	-	536	Freehold
East Riding.....	-	-	-	-	-	439	Freehold
Total	39,556	42,692	45,155	47,589	50,498	54,177	

Note: Long Leasehold – all with terms of 35 years or more when granted and none due to expire prior to 2031.

Footnote 1: Cremation numbers reflect that the crematoria were only acquired or operated by Dignity during 2008

Footnote 2: Cremation numbers reflect that the crematoria were only acquired and/or operated by Dignity during 2009

Footnote 3: Cremation numbers reflect that the crematoria were only opened, acquired or operated by Dignity during 2010

Footnote 4: Cremation numbers reflect that the crematoria were only operated or opened by Dignity during 2011

Footnote 5: Cremation numbers reflect that the crematoria were only operated or opened by Dignity during 2012

Footnote 6: Cremation numbers reflect that the crematoria were only operated or opened by Dignity during 2013

Source: Dignity

Figure 19: Crematorium property portfolio by tenure as at December 2013

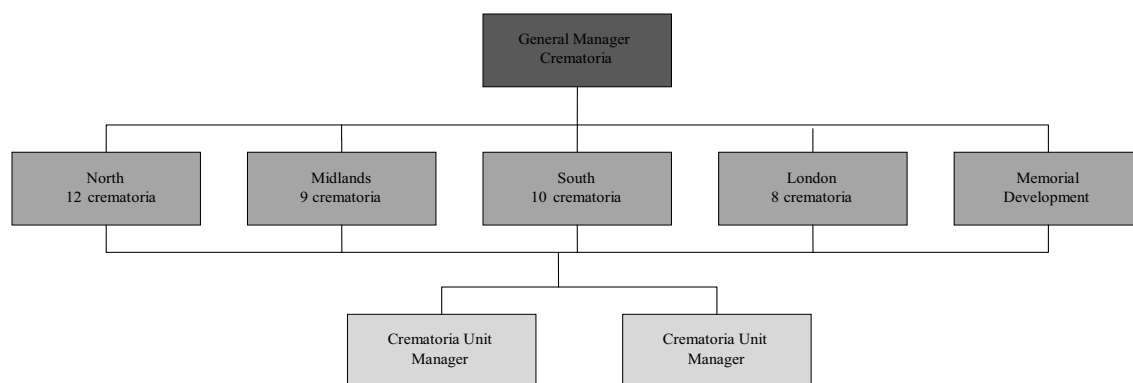
Tenure	No. of Sites	% of Cremation Volume	% of Cremation Revenue
Freehold	21	51.4%	54.8%
Leasehold	1	3.1%	2.6%
Long Leasehold	16	42.0%	38.8%
Licence	1	3.5%	3.8%
Total	39	100%	100%

Note: the above figures are based on the Dignity Group's ownership and therefore include freehold/long leaseholds which are owned by DCL

Source: Dignity

Dignity has an ongoing programme of upgrading and refurbishment of crematoria sites and replacing of cremators. This includes cremator-relining, replacement of older cremators, upgrading of monitoring equipment and compliance with environmental protection legislation.

Figure 20: Crematoria organisation



1. Customer Service

Dignity's crematoria business differs from its funeral operations as its customer base is mostly third party funeral directors. Approximately 14% of all cremations conducted by Dignity originate from funeral directors who are a part of the Dignity Group.

Dignity employs elements of the **Helping our Clients Every Step of the Way** programmes described in "Funeral Services" in its crematoria business. It has to date undertaken no customer surveys for the crematoria business.

2. Historical Financial Performance

Figure 21: Financial performance of the Securitisation Group – Crematoria

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Revenues (£ million)	34.4	37.5	41.6	46.6	52.8
Crematoria EBITDA (£ million)	18.7	21.1	22.7	24.7	28.5
Total Cremations Performed	42,700	45,200	47,600	50,500	54,200
Average Revenue Per Cremation (£)	806	830	874	923	974

Average Net Revenue per Cremation, CAGR 2009 - 2013 4.8%

Source: Dignity

The average net revenue per cremation for the 2 locations acquired as part of the Yew Acquisition was £795 in the period they were within the Securitisation Group in FY 2013.

Dignity crematoria operations generate revenues principally from 3 sources:

Cremation services

Dignity receives fees for cremation services, which is the most significant part of cremation revenues. Historically, prices have generally increased.

Memorials

This consists of the sale of a range of memorial products such as bronze plaques, stone markers, integrated schemes (e.g. private gardens and water features) and plots within gardens of remembrance.

Mausoleums are also constructed and sold at Dignity cemeteries and crematoria where demand is sufficient for such specialist items.

Cemetery operations

The cemeteries generate income from providing interment services and sales of memorial products and burial plots.

3. **Cash Collection Mechanics**

Cremation service fees are charged to the funeral director and are payable at the end of each month. Payments are by cheque payable to DFL or by direct transfer into one of its accounts held at National Westminster Bank Plc.

In respect of memorials a deposit is paid upon receipt of the order with the balance due upon installation or, if there is an agreement with an individual customer, by instalment payments. A credit check is performed prior to permitting a customer to pay by instalments.

4. **Market share**

Figure 22: Market Share – Crematoria

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Great Britain Estimated Death Rate.....	545,000	557,000	539,000	551,000	560,000
Cremation Volumes ¹	42,700	42,500	47,600	50,500	54,200
Core Crematoria	7.4%	7.3%	7.3%	7.3%	7.3%
Openings/Acquisitions	0.4%	0.8%	1.5%	1.9%	2.4%
Total	7.8%	8.1%	8.8%	9.2%	9.7%

Footnote 1: Approximately 14% of Dignity Group cremations above originate from funerals performed by the funeral division.

Note: All market share quotes relate to cremations performed in Great Britain only.

Source: Dignity

Some of the Dignity Group's key performance indicators rely on the total number of estimated deaths for each period. This information is obtained from the ONS. Historically, the ONS has updated these estimates from time to time. However, to maintain consistency of reporting, the Dignity Group does not restate any of its key performance indicators when these figures are restated.

5. ***Business strategy for crematoria operations***

Strong management of core operations

Dignity remains focused on operating the locations it owns as efficiently as possible with a view to continuing to improve their profitability in the long term, whilst investing as appropriate to maintain the high standards currently provided to its clients.

Growth through new builds and acquisitions

Dignity continues to search for opportunities to grow its crematoria business. Although the majority of growth in crematoria operations in the past has derived from the acquisition of existing crematoria, Dignity is pursuing opportunities for partnerships with local authorities and third parties to manage, modernise or redevelop existing crematoria. Dignity is also investigating further opportunities to build new crematoria.

The terms of the Transaction Documents permit members of the Securitisation Group to enter into such arrangements in the future subject to certain conditions. The Transaction Documents also permit members of the Securitisation Group to enter into contracts for the operation of crematoria in the absence of any property interest therein.

E. **Pre-arranged Funeral Plans**

Dignity is a major provider in the pre-arranged funerals market with approximately 323,000 outstanding pre-arranged plans outstanding as at December 2013.

1. ***Business Strategy***

The main objective of Dignity's pre-arranged funeral business is to generate a backlog of pre-arranged funeral plans that would result in funerals in future years that the Dignity Group might not have otherwise performed.

Dignity's strategy is to develop further affinity partners and Dignity continues to promote the sale of pre-arranged funeral plans through a trust arrangement and through third party insurance companies with a number of organisations. Dignity actively sells plans through APL and DPL.

Prior to the Yew Acquisition, the Yew Group (in conjunction with the two trusts, the Peace of Mind Trusts) sold pre-arranged funeral plans through its funeral locations network. The Dignity Group does not now actively sell plans through these trusts. The Peace of Mind pre arranged funeral plans and the Peace of Mind Trusts operate on a similar basis to the Dignity pre arranged funeral plans and related trusts detailed in this business description.

2. ***Routes to market***

(a) *Trust based sales*

Dignity sells pre-arranged funeral plans through its affinity partners and its funeral locations network. The business has been generated out of 3 Dignity marketing companies (the "**Dignity marketing companies**"): APL, Dignity Securities Limited ("**DSL**") and DPL, although only APL and DPL are currently active in this market. Each of APL, DSL and DPL operate in conjunction with a single trust, the Trust for Age UK Funeral Plan, Dignity in Destiny Limited Trust and National Funeral Trust, respectively.

Monies are held in these trusts until the member dies or cancels their pre-arranged funeral plan. In addition, depending on the trust, additional monies may be released if they are in excess of that required.

Dignity has affinity relationships with Age UK, a charity dealing with issues concerning the elderly in the United Kingdom and a number of other organisations, including Royal London, Liverpool Victoria (LV=), Xafinity Paymaster, RIAS, Skipton Building Society and Legal & General. Age UK promotes the Age UK Funeral Plan, whilst Dignity

promotes its own Dignity Funeral Plan under co-branded marketing agreements with its other partners. In both cases, Dignity provides the funeral services (or manages the relationship with the independent funeral director where Dignity is not performing the funeral services) and the administration. These plans are sold at a discount to the prevailing market price for such a funeral at the time of purchase of the plan. Dignity pays a marketing fee to the affinity partner when a member is introduced.

Dignity also sells pre-arranged funeral plans through its funeral location network. Dignity staff sell these plans mainly to customers who have previous experience of Dignity.

Each Dignity marketing company contractually guarantees with the customer of a pre-arranged funeral plan that (i) if the customer chooses to cancel their selected funeral plan, a full refund will be made to the customer of all monies paid in respect thereof (less in certain cases an administration fee payable to the relevant Dignity marketing company); (ii) the funeral director's services (as selected by the customer) will be provided regardless of price rises in the future; and (iii) for the majority of plans sold, specific disbursements will be provided regardless of price rises in the future.

The majority of Dignity's pre-arranged funeral plans are trust based.

(b) *Insurance based sales*

Under this arrangement, people holding or purchasing whole of life insurance policies are given the opportunity to give the Dignity Group a legal charge over the policy in exchange for the Dignity Group either guaranteeing to perform certain specific funeral services at no further cost to their next of kin or agreeing to give a discount off the cost of the funeral services if the policyholder agrees that their funeral can be performed by a Dignity funeral director. This legal charge provides for the proceeds of the policy to be paid to Dignity at the time of the member's death.

Dignity has affinity relationships with AXA Sunlife PLC, Legal & General, Liverpool Victoria (LV=), Phoenix Life and Ageas for the provision of such insurance based plans.

Dignity pays a marketing fee to the insurance company when a member is introduced.

3. ***Revenue streams***

(a) *Trust based sales*

Marketing Fees and Administration Expenses

Upon the purchase of a pre-arranged funeral plan by a customer, the relevant trust pays to the relevant Dignity marketing company a fee in respect of marketing and administration.

The Dignity marketing company incurs expenses relating to the marketing and administration of pre-arranged funeral plans such as commissions to staff or affinity partners in respect of sales and the costs of operating the customer interaction centre.

Upon the cancellation of a pre-arranged funeral plan by a customer, the Dignity marketing company reimburses the trust with the marketing fee received (net of any administration fee charged by it). The level of reimbursement required reduces over time.

Additional Payments from the Trust Funds on the basis of Actuarial Valuations

All trusts appoint an actuary who makes annual actuarial valuations as required by the relevant trust documents. The actuary is required under these trusts to determine if there is an actuarial surplus or deficit. The actuarial valuation is based on certain assumptions agreed annually with the trustees including, that no further plans are sold, that expected investment returns are achieved, that prices for funeral services increase every year, and

that planholders die in accordance with expected mortality rates adopted by the actuary. The actuary also factors in a cancellation rate based on historic cancellation experience. The trustees of the Trusts (the "**Managing Trustees**") (who are in the majority independent of the Dignity Group as required by law) are solely responsible for determining the actuarial assumptions used in the valuations.

At the most recent actuarial valuations as at September 2013, the trusts had total surpluses of £16.6 million.

If the actuary determines there is a surplus, under the National Funeral Trust Deed, DPL is expressly entitled "to call for the payment to it or at its direction of all or any part of any amount equal to any actuarial surplus determined by the report of the actuary". The Trust for Age UK Funeral Plan gives the Trustees absolute discretion about whether to release the surpluses.

The trust documentation for the National Funeral Trust and the Trust for Age UK Funeral Plan contains a provision requiring APL or, as the case may be, DPL, if an actuarial deficit is revealed in trust funds by the next annual valuation following the payment of a surplus, to repay to the relevant trust the lesser of such deficit or the surplus payment made to it since the preceding annual actuarial valuation.

(b) *Insurance based sales*

No revenues are received at the time of legal assignment or assignation. The value of the pre-arranged plan to Dignity only arises on death.

4. ***Historical financial performance***

The revenues, profits and margins earned from the marketing of pre-arranged plans are subject to fluctuations based on the mix of plans sold.

Figure 23: Financial performance – Pre-arranged funeral plans

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Revenues (£ million)	11.8	18.3	22.0	25.1	26.7
Pre-arranged EBITDA (£ million)	2.0	2.9	4.1	5.2	6.8
Pre-arranged surplus recoveries (£ million)	1.5	1.5	1.5	1.5	0.0

Source: Dignity

Any surpluses recovered from the trusts, as described above, are not part of the definition of EBITDA under the Transaction Documents.

As expected and highlighted in the Dignity Group's Interim Management Statement in November 2012, the Group did not receive any surplus recoveries from its pre-arranged funeral plan trusts in 2013. However, the latest actuarial valuations of the pre-arranged funeral plan trusts as at 27 September 2013 showed them to have sufficient assets to pay out all funerals at the current projected rates anticipated by the actuary.

In the Transaction Documents, Dignity has undertaken to ensure that the pre-arranged funeral business remains profitable. If the business ceases to be profitable, the Issuer/Borrower Loan Agreement provides that Dignity will take the action described in "*Description of the Principal Obligor Transaction Documents – Issuer/Borrower Loan Agreement – Covenants relating to the Trusts*".

5. **Summary of outstanding pre-arranged funeral plans**

Figure 24: Plans outstanding - Pre arranged funerals

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
<i>Trust-based Plans</i>					
Active plan holders at start of period	175,700	184,700	200,300	219,800	238,200
Add: Net Plans Sold ¹	21,500	29,300	33,000	34,100	34,900
Less: Members Deceased	(12,500)	(13,700)	(13,500)	(15,700)	(16,000)
Active plan holders at end of period	184,700	200,300	219,800	238,200	257,100
<i>Insurance-based plans</i>					
Active plan holders at start of period	18,800	21,300	27,600	34,000	39,600
Add: Net Plans Sold ¹	3,200	7,000	7,100	6,400	3,900
Less: Members Deceased	(700)	(700)	(700)	(800)	(900)
Active plan holders at end of period	21,300	27,600	34,000	39,600	42,600
Other plan holders ²	9,900	10,000	11,200	12,600	23,800
Total active plan holders	215,900	237,900	265,000	290,400	323,500

Footnote 1: Net plans sold are net of cancellations, reclassifications and members lapsed

Footnote 2: Other plan holders are primarily holders of pre-arranged funeral plans acquired on acquisition of existing funeral businesses (including the Yew Group)

Source: Dignity

6. **Cash collection mechanics**

At the point of sale

(a) *Trust based sales*

Purchasers complete an application form, which indicates the type of pre-arranged funeral plan they wish to purchase. The completed application form together with a cheque payable to the relevant trust (where the amount payable for the funeral is paid in full) or a completed direct debit instruction in favour of the trust (where a customer has chosen to pay by monthly instalments) is sent to APL, DPL or DSL, as appropriate. APL, DPL and DSL pay all cheques so received to the trusts. Where a person dies before completing the instalments the balance is due following the funeral.

Dignity has a customer service centre which, for all the pre-arranged funeral plans referred to above, including the Age UK Funeral Plan and the Peace of Mind funeral plans, handles enquiries from potential new customers, administers new sales, handles membership documentation and processes plans at death. Where Dignity is not the funeral director it also manages relationships with the independent funeral directors. In approximately 81% of cases in FY 2013, Dignity performed the funeral services and it is usually in locations where Dignity is not operating that a third party will perform the funeral services.

(b) *Insurance based sales*

Purchasers complete a form taking up the offer. This document acknowledges the legal charge over the policy.

Dignity is electronically notified of the assignment or assignation and stores the member's details on its administration system.

At the point of death

(a) *Trust based sales*

Every year, the Dignity marketing company agrees with the trustees of the relevant trust the funeral cover which is the price for funeral services to be provided in respect of

funerals performed for planholders who die during that year. Over the past 4 years, this funeral cover has on average increased by 4.6% per annum.

Upon completion of a funeral, the custodian releases the monies held on trust in respect of the pre-arranged funeral plan to the relevant Dignity marketing company. The Dignity marketing company is responsible for paying all sums due to the relevant funeral director.

(b) *Insurance based sales*

DFL receives the amount subject to the legal charge once it has confirmed to the insurance company that it has performed the funeral.

7. ***Pre-arranged funeral plan trusts***

The trusts are each constituted by trust deeds and a majority of the trustees for each trust are independent of Dignity, as required under the Article 60 of the Regulated Activities Order within the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "**Pre-Need Regulation**").

Pursuant to each trust deed a custodian is appointed to hold the trust funds. The current custodian is the Royal Exchange Trust Company Limited.

Under the terms of the relevant Dignity Trust's trust deed, the investment strategy of such Dignity Trust is the sole responsibility of the Managing Trustees.

Given the continuing low interest rate environment, the Managing Trustees engaged advisers to consider their statement of investment principles and investment approach. The purpose of this review was to obtain advice on how to continue broadly to match the cash flows of the Trust's liabilities, assuming they increase as described above in a way that seeks to maintain the actuarial position to within a limited range either side of the current actuarial valuation.

That advice has resulted in the Managing Trustees agreeing to implement a portfolio with the following broad structure:

Asset type	Allocation (%)
Developed market equities	17
Emerging market equities	4
Index linked gilts	16
Index linked corporate bonds	25
Fixed interest corporate bonds	11
Alternative betas (such as mortgage backed securities, emerging market debt and currency)	9
Private markets (such as specific property funds)	8
Cash	10

Advice is currently being obtained by the Managing Trustees as to the most appropriate manner and timing to transition to this new investment strategy.

There can be no assurance that the investment strategy adopted by the Managing Trustees of the Dignity Trusts will (a) be prudent, (b) result in their expected investment returns, (c) not result in

a depletion of trust funds or (d) will continue to follow the asset allocation described under "Risk Factors - Risks Relating to Dignity's Business - Risks Relating to Pre-Arranged Funeral Plans - Investment Risks" above. The Dignity Group has received legal advice that it cannot force any changes to the investment strategy adopted by the Managing Trustees.

PricewaterhouseCoopers LLP is currently the actuary for all trusts.

The principal beneficiary under the trusts is stated to be the relevant Dignity marketing company.

However it is considered that the holder of the plan is also a beneficiary.

8. **Regulation of the Pre-arranged Funeral Plans**

The type of trust based pre-arranged funeral plan offered by Dignity currently falls within the exclusion of the Pre-Need Regulation as (i) the sums paid by a customer are held on trust for the purpose of providing a funeral, (ii) the trust is constituted by a written instrument, (iii) more than half of the trustees are unconnected to Dignity, (iv) there is an independent fund manager (who is an authorised person and who is unconnected to the Dignity) appointed to manage the assets of the trust, and (v) annual accounts are prepared and audited and the assets and liabilities of the trust are, at least once every 3 years, determined, calculated and verified by an actuary.

F. **Employees, Central Costs and Corporate Structure**

As at June 2014, Dignity employed approximately 2,466 full time employees. The breakdown of employees by division as at December 2013 is as follows:

Figure 25: Head Count

	December 2009	December 2010	December 2011	December 2012	December 2013
FTE					
Pre-arranged	44	54	52	62	70
Head Office	96	102	111	115	130
Crematoria – Core ⁺	228	233	232	231	231
Crematoria – Opening / Acquisitions	19	36	41	58	75
Funeral Operations - Core ⁺	1,773	1,723	1,719	1,724	1,750
Funeral Operations – Opening / Acquisitions...	17	33	63	99	209
Total	2,177	2,181	2,218	2,289	2,465

+core = trading continuously since 1 January 2009

Source: Dignity

The majority of the employees are full-time, with temporary staff being used at various times during the year to accommodate seasonal peaks in demand.

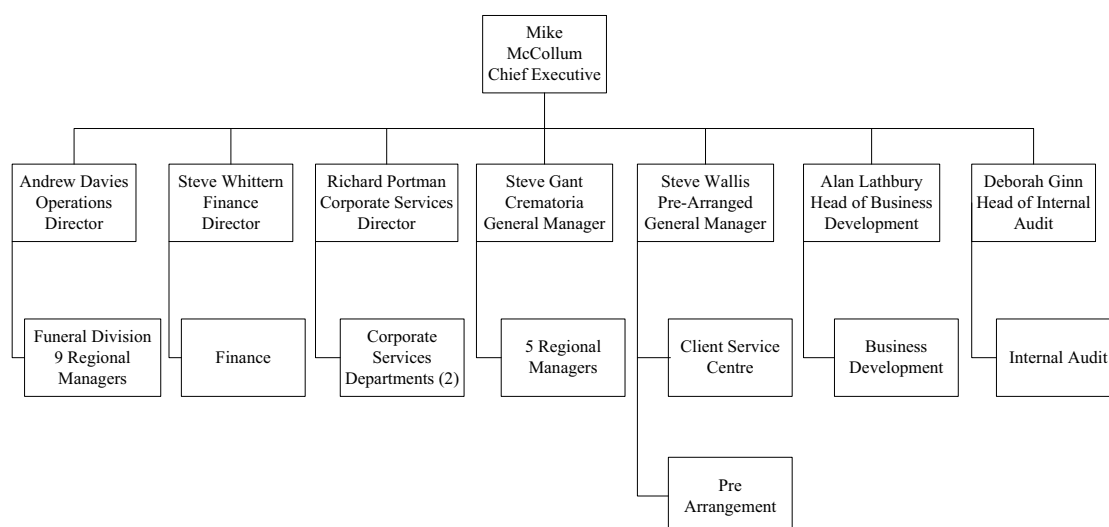
Figure 26: Central Overheads

	52 weeks 2009	53 weeks 2010	52 weeks 2011	52 weeks 2012	52 weeks 2013
Head Office EBITDA (£ million)	(9.6)	(10.2)	(11.1)	(12.1)	(13.6)

Source: Dignity

Central overheads relate to central services that are not specifically attributed to a particular operating division. These include the provision of IT, finance, personnel and Directors' emoluments and annual performance bonuses which are provided to over 100 managers working across the business.

Figure 27: Dignity Executive Corporate Structure



Notes

1. Richard Portman is also the Dignity Group's company secretary.
2. Corporate Service Departments include: Corporate Communications, Fleet, Health & Safety, Human Resources, IT, Manufacturing, Purchasing, Training and Property.
3. One Funeral Regional Manager is responsible for two operational regions.

G. Corporate Governance

The Board of Directors of Dignity plc operates to high standards of corporate governance in order to achieve its objectives and meet the necessary standards of accountability and integrity required of a fully listed company. A strong corporate governance regime, including for example having independent non-executive directors, is a requirement of the UK Corporate Governance Code (2012) ("**Code**") which UK listed companies must comply with or explain their non-compliance.

The Code sets out the principles of good corporate governance and various code provisions. The Board of Directors of Dignity plc reports against the Code as annexed to the Listing Rules issued by the Financial Conduct Authority.

The Dignity Group has complied with all provisions of the Code during 2013 and 2014 to date.

The Board of Directors of Dignity plc is accountable to the Dignity Group's shareholders for good governance and a narrative statement on how the Company has applied the principles of the Code and a statement explaining how the provisions of the Code have been applied was included in the 2013 Annual Report of Dignity plc.

H. Dignity plc Dividend Policy

The directors of Dignity plc expect to continue to pay dividends to the shareholders of Dignity plc on an annual basis through the payment of an interim dividend in October and a final dividend in June of the following year. It is intended that the dividend policy will be progressive, but ultimately the amount paid will be dependent upon the financial performance of Dignity plc.

I. Insurance

Marsh Brokers Limited (acting as insurance brokers to Dignity) have advised management that they have an appropriate level of insurance protection, both in terms of the categories and levels of insurance cover, for a group of its size and nature.

J. Legal Proceedings

There is currently no material litigation either existing or pending in relation to Dignity.

DIGNITY GROUP AND SECURITISATION GROUP*



LIST OF COMPANIES

Group A

Ashton & Ebbutt Limited

Ashton Memorials Limited

Lambeth & Brixton Community Funeral Services Limited

Lambeth Funeral Services Limited

Group B

Kenyon Repatriations Limited

H.Copeland & Son Limited

Group C

Dignity Securities Limited

Kenyon Air Transportation Limited

Monumental Masons Limited

Carrwood Funeral Supplies Limited

J.H.Raven Limited

Remembrance Limited

SCI Pre Arrangement Limited

Selim Smith & Co. Limited

J.W.Tate & Son Limited

J.W.Tate & Son (Holdings) Limited

H.Dorricot & J.Bent Limited

Macintosh & Steven Limited

T & R O'Brien Limited

Whyte Funeral Services Limited

HJ Phillips & Son (Funeral Directors) Limited

Group D

A Bennett & Sons Limited *

A Hazel & Sons Limited *

Baguley Brothers Limited *

Banks Funeral Services Limited *

Ingall Services Limited *

J Kynaston Limited *

Joseph Tomlinson & Sons Limited *

Lowden Wells Limited *

Roberts & Brain Limited *

Seddons Of Southport Limited *

Hindu Funeral Service Limited *

Docklands Funeral Services Limited *

Downs Crematorium Limited *

James Crook Limited *

Gerald Martin Funeral Directors Limited *

Cooksley & Son Limited *

Chosen Heritage Limited *

Lea Valley Funeral Services Limited *

Grimmett & Timms Limited *

Silver Lady Funeral Service Limited *

Dignity Legal Services Limited *

Jonathan Harvey Limited

Hunters Funeral Directors Limited

Philip Ford & Son (Funeral Directors) Limited

D.J. Thomas Funeral Directors Limited

Gornalls Funeral Services Limited

Woodfield Park Funeral Home Limited

C. Powell Funeral Service Limited

F.E.J. Green & Sons Limited

Dignity (2009) Limited

Hardacres Funeral Directors Limited

Bracher Brothers Limited

George S. Munn & Company, Limited

Rosspark Limited

Ely Funeral Service Ltd

Cumbernauld Funeral Services Ltd

N A Medd Limited

Derriman & Haynes Funeral Services Limited

* – indicates Company is not within the Obligor Group

Group E

The Crematorium Company Limited

Eden Park Estate Limited

Dundee Crematorium Limited

E.Finch & Sons Limited

F.Smith & Son (Staines) Limited

T.J.Davies & Son (Funeral Directors) Limited

Cyril H. Lovegrove Limited

R. Davies & Son Limited

Arthur Denyer Limited

Ashtons (Brighton) Limited

Birmingham Crematorium (1973) Limited

Chichester Crematorium Limited

Chosen Heritage (Scotland) Limited

D.Walsh & Son Limited

Dyson Richards Limited

Exeter & Devon Crematorium Limited

Chosen Heritage Services Limited

Francis Chappell & Sons Limited

Fredk. W. Paine Limited

G.F.Hunt (Bath) Limited

The Lawrence Funeral Service Limited

Leeds Limousines Limited

London Necropolis Company Limited

Longhurst (Undertakers) Limited

Maxwell Brothers Limited

Morecambe & Heysham Funeral Service Limited

Northampton Crematorium Limited
Oxford Crematorium Limited
Preston Ireland Bowker Limited
Sanders Goodale & Company Limited
The South London Crematorium Company Limited
T.H.Sanders & Higgs Limited
T.H.Sanders & Sons Limited
U.F.D. Limited
Personal Choice Funeral Plan Limited

Group F

A & N Duckworth Limited
A V Band Limited
Coyne Brothers Limited
D J Evans Forse & Company Limited
E Seymour & Sons Limited
Edmund & Lewis Limited
Anglian Funeral Service Limited
Fisher & Townsend (Funeral Directors) Limited
Ford Ennals Funeral Services Limited
Dignity Caring Funeral Services Limited
Hemley Funeral Service Limited
Invicta Memorials Limited
J Steadman & Sons Limited
Jack Lee & Sons Limited
James Allen & Son (Disley) Limited
Ever 1326 Limited
John G Ashton & Company (Funeral Directors) Limited
Leehope Services Limited
Mannerings Limited
Mathias's Of Putney Limited
Mews & Yeatmans Limited
Newsomes Funeral Services (Royston) Limited

PFG Hodgson Kenyon (Services) Limited
R Butler & Sons Limited
R C Holden & Son Limited
Plantsbrook Limited
S A Bates & Sons Limited
Serenity Limited
Stanway & Garnett Funeral Services Limited
T H Fenton Limited
Taylors Funerals (Wirral) Limited
The Titford Funeral Service Limited
Tovey & Morris Limited
W S Harrison & Son Limited

Group G

A F Townsend (Funeral Directors) Limited
A Shepherd & Sons Limited
A T Genders Limited
E M Lander Limited
Ginns & Gutteridge Limited
H J Dawson Limited
H Tonkin Limited
Hambrook & Johns Limited
Shamkill Funeral Services Limited (formerly Ever 1325 Limited)
Joslin Memorials (1974) Limited
Kent Funeral Supplies Limited
Kenyon Emergency Services Limited
L Fulcher Limited
Patrick Stonemasons Limited
Romney Marsh Funeral Services Limited
T S Annison & Sons Limited
Meadow Pool Limited
W G Rathbone Funeral Directors Limited
W Thorp & Son (Leigh On Sea) Limited

Walmsley Hammond (Rayleigh) Limited

Wilmshurst & Dickson Limited

Group H

Caledonian Funeral Services Limited

Dunning (Undertaking) Limited

Moody's Funeral Directors Limited

PFG Hodgson Kenyon (UK) Limited

Piccioni (Masonry) Limited

Grave Design Limited

G.F.Cook (Funerals) Limited

Pitcher & LeQuesne Limited

Henry Paul Limited

The Dignity Plan Limited

Dignity In Destiny Limited

Hanningtons (Funeral Directors) Limited

David B. Hendry Limited

Flowers By Design Limited

R.S.Johnson & Sons Limited

Group I

Daly & Company Limited

Priestley & Cockett Limited

Simpsons (Undertakers Requisites) Limited

Thompsons (Maguires) Limited

Group J

Family Funeral Services Limited

Coombes & Sons (Bovey Tracey) Limited

Dowsett & Jenkins Limited

E.F.Edwards Limited

Edward Lewis Wickes & Son Limited

Kellaways (Funeral Services) Limited

The Leverton Funeral Service (Dartford) Limited

Mid Sussex Funeral Services Limited

National Funeral Trust Limited

Seaford Funeral Service Limited

William Pearce & Son Limited

F.G.Pymm (Funeral Directors) Limited

G.Smith (Wooburn) Limited

Group L

UK Funerals Limited

Howard Jenkins (Edge Hill) Limited

Abbey Funeral Service Limited

Group N

Broadwater Limousines Limited

Counties Crematorium Limited

H.Hill Funeral Service Limited

Group O

Ravenhill Funeral Services Limited (formerly Ever 1290 Limited)

Holdfast (Funerals) Limited

Group P

F.Harrison & Son (Funeral Directors) Limited

G.Gamble & Son Limited

Group Q

Cooksey & Son Limited

Arthur G Whitehead (Westminster) Limited

J H Kenyon Limited

Group R

Phillips Funeral Plans Limited

Phillips Funeral Services Limited

Phillips Supplies Limited

Group S

Highfield Funeral Service Limited

Group T

Boyce Anderson Motors Limited

Kirkwoods (Funeral Directors) Limited

Ken Gregory & Sons Limited

H. Towell Ltd

Henry Smith (Wandsworth) Limited

Malcolm J Presland Limited

Thomas Brothers (Wellington and Taunton) Limited

Group U

B. Bernard & Sons Limited

B & B Funeral Directors Limited

Armitage (Funeral Directors) Limited

E Hurton & Son Limited

G. M. Charlesworth & Son Limited

S Wellens & Sons Limited

Kenyons Funeral Directors Limited

Wettons Funeral Services Limited

H.J. Whalley & Sons Limited

E. Brigham Funeral Directors Limited

A. Haxby & Sons (Filey) Limited

Henry Naylor (Funeral Directors) Limited

Salenew Limited

George Hall & Son Funeral Directors Limited

Frank Stephenson & Son (Funeral Directors) Limited

H & G Wilde Directors Limited

F. Kneeshaw & Sons (funeral Directors) Limited

Funeral Debt Collection Limited

Davis McMullan Funeral Directors Limited

Orphan Companies

The South London & Southern Counties Cremation Society (Limited by Guarantee)

DESCRIPTION OF THE OBLIGOR TRANSACTION DOCUMENTS

The following is intended to be only a summary of certain provisions of certain documents and is subject to the detailed provisions of the relevant agreements.

1. **The Issuer/Borrower Loan Agreement**

Defined terms used in this summary of the Issuer/Borrower Loan Agreement, where not defined elsewhere in this Prospectus, are defined in "*Glossary of Issuer/Borrower Loan Agreement Defined Terms*" below.

On the Initial Securitisation Closing Date, *inter alios*, the Issuer, the Borrower, certain initial Obligors, Dignity plc, DH2, DHL, DML, Issuer Holdco and BNY Mellon Corporate Trustee Services Limited, (formerly J.P. Morgan Corporate Trustee Services Limited) (in this section, the "**Initial Issuer/Borrower Loan Parties**") entered into an Issuer/Borrower loan agreement (as amended, restated, varied and/or supplemented from time to time, the "**Issuer/Borrower Loan Agreement**").

Since the Initial Securitisation Closing Date, certain further Obligors have acceded to the Issuer/Borrower Loan Agreement.

As at the Closing Date, the "**Obligors**" means the following companies:

- (a) Dignity (2002) Limited
- (b) Dignity (2014) Limited
- (c) Dignity Services;
- (d) Dignity Securities Limited;
- (e) Plantsbrook Group Limited;
- (f) Birkbeck Securities Limited;
- (g) Dignity Pre Arrangement Limited;
- (h) Dignity Funerals Limited;
- (i) Advance Planning Limited;
- (j) Bracher Brothers Limited;
- (k) Dignity (2009) Limited;
- (l) Dignity Funerals No 2. Limited;
- (m) Hardacres Funeral Directors Limited;
- (n) T.S. Horlock and Son Limited;
- (o) Phillips Holdings (Hertfordshire) Limited;
- (p) Hunters Funeral Directors Limited;
- (q) Philip Ford & Son (Funeral Directors) Limited;
- (r) Phillips Funeral Services Limited;
- (s) Phillips Supplies Limited;
- (t) Phillips Funeral Plans Limited;
- (u) H.R.H. Holdings Limited;

- (v) Highfield Funeral Service Limited;
- (w) D.J. Thomas (Funeral Directors) Limited;
- (x) Gornalls Funeral Services Limited;
- (y) Woodfield Park Funeral Home Limited;
- (z) C. Powell Funeral Service Limited;
- (aa) F.E.J. Green & Sons Limited;
- (bb) Robemanor Limited;
- (cc) Rosspark Limited;
- (dd) Ely Funeral Services Limited;
- (ee) Ken Gregory & Sons Limited;
- (ff) H. Towell Ltd;
- (gg) Henry Smith (Wandsworth) Limited;
- (hh) Thomas Brothers (Wellington and Taunton) Limited;
- (ii) Yew Holdings Limited;
- (jj) The East Riding Crematorium Company Limited;
- (kk) The Haltemprice Crematorium Limited;
- (ll) Warburton Funerals Limited;
- (mm) Malcolm J Presland Limited;
- (nn) B & B Funeral Directors Limited;
- (oo) Armitage (Funeral Directors) Limited;
- (pp) E Hurton & Son Limited;
- (qq) G. M. Charlesworth & Son Limited;
- (rr) S Wellens & Sons Limited;
- (ss) Kenyons Funeral Directors Limited;
- (tt) Wetton Funeral Services Limited;
- (uu) H. J. Whalley & Sons Limited;
- (vv) E. Brigham Funeral Directors Limited;
- (ww) A. Haxby & Sons (Filey) Limited;
- (xx) Henry Naylor (Funeral Directors) Limited;
- (yy) B. Bernard & Sons Limited;
- (zz) Salenew Limited;
- (aaa) George Hall & Son Funeral Directors Limited;

- (bbb) Frank Stephenson & Son (Funeral Directors) Limited;
- (ccc) H & G Wilde Funeral Directors Limited;
- (ddd) F. Kneeshaw & Sons (Funeral Directors) Limited;
- (eee) Davis McMullan Funeral Directors Limited;
- (fff) Jonathan Harvey Limited;
- (ggg) Moray Crematorium Holdings Ltd;
- (hhh) Moray Crematorium Limited;
- (iii) George S Munn & Company, Limited;
- (jjj) Boyce Anderson Motors Limited;
- (kkk) Kirkwoods (Funeral Directors) Limited;
- (lll) Funeral Debt Collection Limited;
- (mmm) N A Medd Ltd;
- (nnn) Derriman & Haynes Funeral Services Limited; and
- (ooo) Cumbernauld Funeral Services Ltd,

and any other companies which may be acquired by the Dignity Group prior to the Closing Date and which accede as an Obligor in accordance with the terms of the Issuer/Borrower Loan Agreement.

In this section, the Initial Issuer/Borrower Loan Parties, together with the Obligors, D2004, D2008, D2011, DCL, DC2L, DH3 and DF3L are referred to as the "**Issuer/Borrower Loan Parties**".

Under the terms of the Issuer/Borrower Loan Agreement, the Issuer agreed to make available to the Borrower the loan facility described below. The Borrower makes payments of interest and repayments of principal in relation to the Issuer/Borrower Loan from intragroup loans from Obligors. The primary source of those loans from Obligors is the cash flows generated from the businesses of the Obligors.

Advance

On the Closing Date, the Issuer/Borrower Loan Agreement will be amended and restated and the Existing Advances under the Issuer/Borrower Loan will be refinanced in full with the effect that, following the issuance of the Notes, the outstanding amount of all tranches of the Issuer/Borrower Loan will be in an amount in aggregate equal to the aggregate principal amount outstanding of the Notes as at the Closing Date (the "**Advance**"). Such Advance will consist of two tranches as follows:

- (a) the A Tranche in an aggregate principal amount of £238,904,000; and
- (b) the B Tranche in an aggregate principal amount of £356,402,000.

On the Closing Date, the Borrower will pay or procure payment of a facility fee under the Issuer/Borrower Loan Agreement in an amount equal to all fees and expenses (including any VAT) which will be incurred by the Issuer, the Security Trustee and the Note Trustee in connection with the issue and listing of the Notes.

On or after the Closing Date, it is intended that the Borrower will apply the Additional Notes Advance Amount to, *inter alia* (i) partially refinance the Existing Advances; (ii) pay a cash dividend to D2004 which will in turn pay a cash dividend to Dignity plc to enable Dignity plc to

effect a return of value to its shareholders (subject to the approval of the shareholders pursuant to a general meeting); (iii) make a payment into the Dignity Pension and Assurance Scheme; and (iv) pay certain fees and expenses relating to the transaction. Some of the proceeds of the issuance of the Notes which are paid to Dignity plc via a dividend from D2004 may also be retained by Dignity plc.

Further Advances and New Advances

Pursuant to the Issuer/Borrower Loan Agreement, ***provided that*** the conditions for an issue of Further Notes or New Notes and the further conditions set out in (a) to (e) below (inclusive) have been met, the Borrower may request a further advance (a "**Further Advance**") or a new advance (a "**New Advance**", and each Advance, Further Advance and New Advance being an "**Advance**").

A Further Advance is a cash advance under the Issuer/Borrower Loan Agreement that will be consolidated and rank *pari passu* with the corresponding tranche of the Advance (each a "**Consolidated Tranche**") and any other Further Advances already made. Each Further Advance will be financed by a corresponding issue of Further Notes by the Issuer.

A New Advance is a cash advance under the Issuer/Borrower Loan Agreement that will rank subordinate to any existing tranche of the Issuer/Borrower Loan. Each New Advance will be financed by a corresponding issue of New Notes by the Issuer.

The Borrower may only request and, consequently, the Issuer may only grant, a Further Advance or a New Advance if, *inter alia*, the following further conditions are satisfied on the date of the request by the Borrower:

- (a) the aggregate principal amount of the relevant Further Advances and/or New Advances requested for drawdown on a particular drawdown date is for a minimum aggregate principal amount of £5,000,000;
- (b) the Rating Agencies provide a written confirmation that:
 - (i) in respect of a request for a Further Advance only, the Further Notes to be issued by the Issuer are to be assigned the same ratings as are applicable to any existing corresponding class of Notes outstanding immediately after the issue of such further notes; and
 - (ii) in either case, the Further Advance or New Advance would not cause the ratings of the existing classes of Notes then outstanding to fall below the rating applicable to the ratings of such classes of Notes on the Closing Date;
- (c) the Borrower has certified to the Note Trustee that the Restricted Payment Condition is satisfied and is projected by the Obligors to continue to be satisfied for the twelve calendar months following the most recent Quarter End Date (taking into account the additional Debt Service arising as a result of the making of the relevant Further Advance or New Advance);
- (d) the conditions set out in Condition 20 (*Further and New Note Issues*) for the issuance of Further Notes (in the case of a Further Advance) and New Notes (in the case of a New Advance) and the additional conditions precedent set out in the Issuer/Borrower Loan Agreement have been satisfied; and
- (e) each Further Advance or New Advance will be made on the date of the Drawdown Notice.

The proceeds of any Further Advance and/or New Advance may only be applied in:

- (a) making a permitted prepayment in respect of a Tranche or a New Advance (other than, in the case of a Further Advance, the Tranche or New Advance with which such Further Advance would be consolidated), where such Further Advance and/or New Advance is made with the proceeds of an issue of Further Notes and/or New Notes which are

intended to redeem an existing class of Notes corresponding to the Initial Tranche or New Advance which is to be prepaid;

- (b) making or refinancing permitted acquisitions by Obligors of crematoria and funeral home businesses and properties and permitted crematorium developments, including acquisitions of such assets from Non-Obligors; or
- (c) for general corporate purposes (including for making a Restricted Payment if the Restricted Payment Condition is satisfied).

The net proceeds of any Further Advance must be deposited in the Loan Payments Account, and may only be applied by the Borrower for its general corporate purposes or for making a Restricted Payment, if the Restricted Payment Condition is satisfied and in accordance with the provisions of the Issuer/Borrower Loan Agreement applicable to the making of Restricted Payments.

Further Advances will be consolidated with the relevant tranche of the Initial Advance at the end of the first interest period for such Further Advance ("**Consolidation**").

Interest

Interest is payable on each Consolidated Tranche and any related Further Advance (pre-Consolidation) at the following annual rates:

- (a) in respect of the Consolidated A Tranche and any related Further Advance (pre-Consolidation), 3.5456% per annum plus one basis point; and
- (b) in respect of the Consolidated B Tranche and any related Further Advance (pre-Consolidation), 4.6956% per annum plus one basis point.

Interest is payable on each New Advance at a rate equal to the rate payable by the Issuer on the related New Notes plus one basis point.

Interest on all Advances is payable semi-annually, 4 Business Days prior to each Interest Payment Date in each year (each, a "**Loan Payment Date**").

Interest is payable on any outstanding Issuer/Borrower Liquidity Advance at a rate equal to the rate payable by the Issuer on the amounts which it borrows under the Liquidity Facility Agreement in order to fund such Issuer/Borrower Liquidity Advance, plus one basis point, and principal on any Issuer/Borrower Liquidity Advance is payable on each Loan Payment Date.

Gross-up on Deduction or Withholding by Borrower

All payments of principal and interest in respect of each Advance will be made free and clear of, and without withholding or deduction for or on account of, United Kingdom tax, unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Borrower is obliged to pay to the Issuer an additional amount that will ensure that the Issuer will receive and retain (after tax) an overall amount equal to that which is due and payable.

Scheduled Repayment

The Advance will be repayable in instalments in accordance with the repayment schedule set out below. Each repayment set out in the schedule will be made on the Loan Payment Date indicated in the schedule, together with all accrued interest.

ISSUER/BORROWER LOAN PRINCIPAL REPAYMENT SCHEDULE

Loan Payment Date In	Repayments (£'s)	
	A Tranche	B Tranche
December 2014	4,011,198.16	—
June 2015	4,082,869.36	—
December 2015	4,154,540.56	—
June 2016	4,228,600.80	—
December 2016	4,302,661.04	—
June 2017	4,379,110.32	—
December 2017	4,457,948.64	—
June 2018	4,536,786.96	—
December 2018	4,618,014.32	—
June 2019	4,699,241.68	—
December 2019	4,782,858.08	—
June 2020	4,866,474.48	—
December 2020	4,954,868.96	—
June 2021	5,040,874.40	—
December 2021	5,131,657.92	—
June 2022	5,222,441.44	—
December 2022	5,315,614.00	—
June 2023	5,408,786.56	—
December 2023	5,504,348.16	—
June 2024	5,602,298.80	—
December 2024	5,702,638.48	—
June 2025	5,802,978.16	—
December 2025	5,905,706.88	—
June 2026	6,010,824.64	—
December 2026	6,118,331.44	—
June 2027	6,225,838.24	—
December 2027	6,338,123.12	—
June 2028	6,450,408.00	—
December 2028	6,565,081.92	—
June 2029	6,682,144.88	—
December 2029	6,799,207.84	—
June 2030	6,921,048.88	—
December 2030	7,042,889.92	—
June 2031	7,167,120.00	—
December 2031	7,296,128.16	—
June 2032	7,425,136.32	—
December 2032	7,556,533.52	—
June 2033	7,690,319.76	—
December 2033	7,826,495.04	—
June 2034	7,965,059.36	—
December 2034	8,110,790.80	—
June 2035	—	8,346,934.84
December 2035	—	8,539,391.92
June 2036	—	8,738,977.04
December 2036	—	8,942,126.18
June 2037	—	9,152,403.36
December 2037	—	9,362,680.54
June 2038	—	9,580,085.76
December 2038	—	9,804,619.02
June 2039	—	10,032,716.30
December 2039	—	10,264,377.60
June 2040	—	10,503,166.94
December 2040	—	10,749,084.32
June 2041	—	10,998,565.72
December 2041	—	11,255,175.16
June 2042	—	11,515,348.62
December 2042	—	11,782,650.12
June 2043	—	12,057,079.66
December 2043	—	12,338,637.24
June 2044	—	12,623,758.84
December 2044	—	12,916,008.48
June 2045	—	13,218,950.18
December 2045	—	13,525,455.90
June 2046	—	13,839,089.66
December 2046	—	14,159,851.46
June 2047	—	14,491,305.32
December 2047	—	14,826,323.20
June 2048	—	15,172,033.14
December 2048	—	15,524,871.12
June 2049	—	15,884,837.14
December 2049	—	16,255,495.22

Prepayment of Advances

Optional Prepayment in full or in part

Optional Prepayment of each Tranche is permitted on any Loan Payment Date subject to:

- (a) minimum prepayment of £5,000,000; and
- (b) provision of notice in writing to the Issuer, Note Trustee and Security Trustee not more than 65 and not less than 35 days prior to the relevant Loan Payment Date (sufficient to enable the Principal Paying Agent on behalf of the Issuer to give notice to Noteholders of prepayment under the Notes); and
- (c) in the case of a prepayment in respect of the A Tranche and/or the B Tranche, the Borrower will be obliged to pay an amount equal to the early redemption premium payable (if any) in respect of the corresponding Notes; and
- (d) provision of a certificate signed by two directors of the Borrower certifying that it has/will have funds sufficient to make the prepayment together with any associated premium and costs (including hedging breakage costs (if any)).

Mandatory Prepayment from Principal Reserve Account and Market Purchases

When the aggregate amount standing to the credit of the Principal Reserve Account reaches £5,000,000 or more, the funds standing to the credit of such account will be applied in making a prepayment in part of the Issuer/Borrower Loan on the first Loan Payment Date thereafter falling at least 35 days after the date on which such balance reached such amount, and the Borrower will pay to the Issuer (if applicable) an amount equal to the redemption premium payable in respect of the Class A Notes or the Class B Notes and any other costs (including hedging breakage costs (if any)) **provided that** no such prepayment shall be made if the Borrower does not have sufficient funds to pay such other costs. The Principal Reserve Account is funded as described below in "*Application of Net Sale Proceeds from Permitted Disposals by Obligors*" and "*Treatment of insurance proceeds and Permitted Disposals by Obligors*" below.

Notwithstanding the above, the balance on the Principal Reserve Amount may instead be utilised in making market purchases of Notes **provided that** the following conditions are satisfied on the date of such proposed purchase:

- (a) no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing or would occur as a result of such purchase;
- (b) the proposed purchase is of:
 - (i) Class A Notes if any are outstanding;
 - (ii) if not, Class B Notes;
- (c) the Security Trustee has been provided with a notice from the Borrower containing opinions by the tax advisers and accounting advisers to the Borrower as to the after tax overall cost to each of the Issuer and the Borrower (and, if relevant, any other Obligors) of the Borrower purchasing the Notes proposed to be purchased with the relevant amount standing to the credit of the Principal Reserve Account (the "**Principal Amount**") is no greater than the after tax overall cost to the Borrower (in terms of the payments it would be required to make to the Issuer under the Issuer/Borrower Loan Agreement) of the Issuer redeeming such Notes early, to the extent of the Principal Amount, in accordance with the Conditions; and
- (d) the provision by the Borrower of a certificate signed by two directors of the Borrower certifying, on the basis of the opinions in (c) above, that it has/will have funds sufficient to make the prepayment together with any associated premium and costs (including hedging breakage costs (if any) and all other amounts having priority.

Amounts standing to the credit of the Principal Reserve Account may only be applied to prepay principal on the Tranches or to make Market Purchases in accordance with the provisions of the Issuer/Borrower Loan Agreement. To the extent that the purchase price of such Notes includes any element of accrued interest, such accrued interest element may be paid out of funds in the Loan Payments Account.

Where paragraph (b) of the Restricted Payment Condition is satisfied, and subject, at all times, to the inter-company loan regime, any member of the Dignity Group (other than an Obligor or Guarantor) may make a loan to the Borrower for the purposes of enabling the Borrower to make a market purchase of Notes provided that (i) the proceeds of such loan are immediately placed by the Borrower into the Principal Reserve Account, and (ii) all of the relevant provisions concerning the use of amounts standing to the credit of the Principal Reserve Account for the purpose of any market purchase (as set out in the Issuer/Borrower Loan Agreement) are satisfied. Where a market purchase of Notes is made by the Borrower using funds which are transferred from the Loan Payments Account to the Principal Reserve Account at any time when the Restricted Payment Condition is not satisfied at the time of such transfer, (see "*Transfers from Loan Payments Account*" below), such market purchase may only be made by the Borrower through a public tender process.

Order of Prepayment

All prepayments will be made, first, in respect of the A Tranche and, second, in respect of the B Tranche.

Prepayment of New Advances

The terms on which any New Advance may be prepaid shall be the same as those on which the Tranches may be prepaid, save that no New Advance may be prepaid before the Tranches are fully repaid and prepayments of New Advances inter se shall be made as agreed at the time the last New Advance was made.

Representations and Warranties

The Issuer/Borrower Loan Agreement includes representations by each Obligor as to, *inter alia*, the following matters (some of which representations will be qualified by reference to a materiality threshold or to the knowledge of the representor):

- (a) that the Obligors have been duly incorporated and have all necessary powers and consents to enter into the documentation relating to the securitisation including all documents to be entered into in relation to the Advance, the issue of the Notes and any other documents to be entered into at this time in relation to amendments to the Obligor Transaction Documents;
- (b) that the Obligors are bound by the provisions of the Obligor Transaction Documents, and have power and authority to perform their respective obligations under them;
- (c) that all necessary authorisations have been obtained and are in full force and effect;
- (d) that there has been no breach of law, other agreements or constitutional documents;
- (e) that English law, Scots law or Northern Irish law (as the case may be) will be recognised as the governing law of, among other things, the Issuer/Borrower Loan Agreement, the Borrower Security Documents, the Working Capital Facility Agreement, the Hedging Documents (if any), the Obligor Cash Administration and Account Bank Agreement, the Tax Deed of Covenant and that all judgments obtained in England will be enforced in relation to the such documents;
- (f) that there will be no deduction of Taxes and no filing or stamp taxes payable by any of the Obligors, Guarantors or Dormant Companies under, among other things, the Issuer/Borrower Loan Agreement, the Borrower Security Documents, the Hedging Documents (if any), the Working Capital Facility Agreement, the Obligor Cash Administration and Account Bank Agreement or the Tax Deed of Covenant;

- (g) no Potential Loan Event of Default, Loan Event of Default or (save, as notified in writing to the Note Trustee) Financial Adviser Appointment Event is continuing;
- (h) that, save as disclosed in relation to follow up visits required to be made by environmental officers, all licences and approvals required to run the Obligor's respective businesses have been obtained and are in full force and effect;
- (i) that no security has been granted other than permitted security;
- (j) that no actions are being taken in respect of the insolvency of any Dignity parties to the Obligor Transaction Documents;
- (k) that there is no financial indebtedness other than Permitted Financial Indebtedness;
- (l) that each charging company has title to the assets over which security is granted;
- (m) that no Obligor has any interest in the share capital of in any other person or partnership save as disclosed in the Issuer/Borrower Loan Agreement and other than the interests of the Security Trustee pursuant to the Borrower Security Documents or as otherwise set out in the Issuer/Borrower Loan Agreement, no person has any interest in the issued share capital of the Borrower or any Guarantor (except Dignity plc);
- (n) that there has been no deterioration in the financial or trading position of the Securitisation Group since 31 December 2013;
- (o) that there has been no failure to disclose information;
- (p) that the information package relating to the Notes containing due diligence reports (as updated) is true, complete and accurate in all material respects and not misleading;
- (q) that the most recent audited financial statements for the Securitisation Group and single company audited financial statements for the Issuer and each marketing company give a true and fair view;
- (r) that there is no litigation which could result in a liability of more than £500,000 save (when such representation is repeated) as disclosed;
- (s) that it is not aware of any claims that would result in a Material Adverse Effect;
- (t) that it is entitled to use all intellectual property necessary to the carrying on of the relevant permitted business (including any such intellectual property owned by a third party) and employed in the business save (when such representation is repeated) as disclosed;
- (u) that no Tax claims (other than as provided for in the latest financial statements) are being or likely to be assessed upon it which, if adversely determined, would result in a Material Adverse Effect;
- (v) that it is in compliance with all applicable environmental laws and regulations (where noncompliance would result in Material Adverse Effect), and that there are no environmental claims save (when such representation is repeated) as disclosed to the Security Trustee in writing;
- (w) that there are no invoice discounting or similar sale or assignment arrangements in existence relating to the receivables of any Obligor;
- (x) that it has entered into no joint ventures other than permitted joint ventures;
- (y) that it is in compliance with all applicable pensions laws, regulations and scheme contracts, and that contributions are being made at any rate which (i) is anticipated to meet each scheme's funding requirements based on reasonable actuarial assumptions and (ii) complies with any level of contributions agreed with the relevant pension trustees and the Pensions Regulator from time to time;

- (z) that the Dormant Non-Party Companies are dormant;
- (aa) that it is in compliance with all material employment regulations;
- (bb) that it is in compliance with all material requirements of the Data Protection Act 1998;
- (cc) that the statutory books of the Obligors are up to date;
- (dd) all of the Obligors' vehicle leasing contracts have been terminated, are in the process of being terminated (with such termination (if not previously effected) to take effect within 30 calendar days of a date on which the representation is given) have otherwise expired or do not require, in aggregate, payments by the Obligors in excess of £250,000 in any calendar year;
- (ee) that all complaints lodged with any of the Obligors by the Health and Safety Executive/Environment Health Office have been resolved, save (on repetition) as disclosed.

These representations will be given on the Closing Date. Each of the representations will be repeated on each Loan Repayment Date, the date that the Borrower requests the Advance and on the date that the Advance is made.

Certain other representations, warranties and covenants are or will be given by the Obligors and other Dignity Group members in respect of matters relating to the tax affairs of the Obligors, the Borrower and other members of the Dignity Group as contained in the Tax Deed of Covenant dated the Initial Securitisation Closing Date (as amended, restated, varied and/or supplemented from time to time) (see "*Tax Deed of Covenant*" below).

Covenants

Set out below are descriptions of the principal covenants in the Issuer/Borrower Loan Agreement.

Financial Covenant

Under the terms of the Issuer/Borrower Loan Agreement, the Borrower covenants that the EBITDA debt service cover ratio shall not, in respect of any 12 month period comprising four financial quarters (a "**Relevant Period**"), be less than 1.5:1 (the "**Financial Covenant**").

Restricted Payment Condition

The Obligors covenant that they shall not make any payments or other disposals of cash or other funds or assets to any member of the Dignity Group (other than another Obligor or the Issuer) or to any creditor or shareholder of any such member of the Dignity Group, by way of (without limitation) any loan, dividend or other return on capital, any other form of distribution, payment of interest, payment of premium, repayment, fee, gift or capital contribution (each a "**Restricted Payment**") unless the condition described below (the "**Restricted Payment Condition**") is satisfied.

Notwithstanding the above, the Obligors may make Restricted Payments to any of the Guarantors (other than the Obligors) in order to finance the day to day costs and expenses of such companies ***provided that*** the aggregate amount of such Restricted Payments shall not exceed £200,000 multiplied by CPI for each accounting reference period thereafter.

The Restricted Payment Condition is satisfied if:

- (a) at the date when the proposed Restricted Payment is to be made (the "**RP Date**"), no Potential Loan Event of Default, Loan Event of Default or Financial Adviser Appointment Event has occurred and is continuing or might reasonably be expected to occur as a result of the making of such Restricted Payment, and no advances are outstanding under the Working Capital Facility or under the Liquidity Facility excluding, for the avoidance of doubt, any Liquidity Reserve Drawing; and

- (b) in relation to the Relevant Period immediately preceding the RP Date:
- the EBITDA debt service cover ratio calculated for such period was greater than 1.85:1; and
 - the Free Cashflow debt service cover ratio calculated for such period was greater than 1.4:1.

Restricted Payments will only be made to the extent that there is sufficient residual cash available to the Borrower for such purpose after the application of the Borrower Pre-Enforcement Priority of Payments (or to the extent of any balance on the account to which such residual balance may be transferred for the purpose of making Restricted Payments in future (the "**Restricted Payments Account**")).

Ordinarily, permitted Restricted Payments may not be paid from the Loan Payments Account until the Interest Payment Date immediately following the relevant Loan Payment Date although they may be made on any day thereafter (other than on any of the five Business Days prior to the next Loan Payment Date). However, where the Borrower receives a Further Advance, and **provided that** the Restricted Payment Condition is satisfied, the Borrower may make any permitted Restricted Payment out of the proceeds of such Further Advance at any time prior to the next Loan Payment Date following receipt of such proceeds (other than on any of the five Business Days prior to the next Loan Payment Date).

The Restricted Payments Account is held in the Borrower's name and may be used for any corporate purpose of the Borrower (save to the extent that the Borrower is obliged or elects to transfer any part of the account balance to the Upgrade Reserve Account). **Provided that** no Loan Event of Default or Potential Loan Event of Default or Financial Adviser Appointment Event has occurred and is continuing, the Borrower may withdraw sums standing to the credit of the Restricted Payments Account for any such purpose at any time (save to the extent of any part of the balance which has been earmarked as collateralising any permitted capital expenditure).

Permitted Disposals by Obligors

Pursuant to the Issuer/Borrower Loan Agreement, material assets may only be disposed of by the Obligors and released from the Borrower Security if the Security Trustee consents to such disposal.

The Security Trustee will consent to a proposed disposal of assets if either: (a) the disposal is certified by two directors of the relevant Obligor to be of a leasehold of a crematorium which is ancillary to a Permitted Operating Contract or permitted crematorium development and which automatically terminates on the termination or expiry of such Permitted Operating Contract or crematorium development, as the case may be (an "**Ancillary Crematorium Lease**") (together with any chattels or moveable property relating thereto), which is terminated concurrently with the termination or expiry of such Permitted Operating Contract or crematorium development, or (b) the following conditions are satisfied:

- (1) the Security Trustee receives a certificate signed by two directors of the Obligor making the disposal confirming that such disposal is made on arms' length terms for (unless (d) below applies) a cash consideration payable on completion of the disposal (save that up to 20% thereof may be deferred for up to 90 days); and such certificate also confirms that:
 - (a) no Default or Financial Adviser Appointment Event is subsisting at the time of the relevant disposal or would arise as a result of such disposal (provided that a Financial Adviser Appointment Event shall be ignored for this purpose if the ratings of the Notes have been affirmed in contemplation of the relevant disposal); or

- (b) paragraph (1)(a) above is satisfied and (A) the property or the value of the interest being disposed of has either a market value of no more than £75,000 x CPI and is no longer required to be used in the Obligors' businesses or (B) the disposal is the disposal of an Ancillary Property which has a market value of no more than £75,000 x CPI or (C) is the grant of a lease or a licence of an Ancillary Property for a contractual term not exceeding 15 years and reserving a rent during the first five years of such contractual term less than £150,000 x CPI; or
 - (c) paragraph (1)(a) above is satisfied and the disposal is a Surrender; or
 - (d) paragraph (1)(a) above is satisfied and the consideration for the disposal is being satisfied in whole or in part by a Permitted Acquisition by an Obligor of another Property which is reasonably believed by the directors of that Obligor to have a value which is no more than 5 per cent lower than the value of the Property being disposed of (and if satisfied in part by and the Property as detailed above, the remainder will be satisfied by the Obligor by cash consideration); and
- (2) where the proposed disposal of assets will result in an Obligor realising an amount greater than £150,000, in connection with any disposal the Security Trustee has received appropriate evidence as to:
- (a) the amount of Tax payable in respect of such disposal; and
 - (b) payment or provision for such Tax has been made; and
 - (c) (in the case of proposed sales of companies) the taking of appropriate measures to mitigate against potential secondary taxation liabilities arising from the disposal; and
- (3) where Special Conditions (set out below) are applicable to the disposal, such Special Conditions are met.

In relation to a disposal of assets that falls within the provisions of (1)(b), (c) or (d) above no Special Conditions apply.

Special Conditions applicable to any crematorium disposal by an Obligor:

- (a) the Restricted Payments Condition is satisfied; and
- (b) the proposed disposal will not cause any breach of the EBITDA DSCR and Free Cashflow DSCR set out in the Restricted Payments Condition in the 12 months following such disposal; and
- (c) the anticipated net sale proceeds of such proposed disposal are equal to or greater than 120 % of the Allocated Debt Amount in respect of the crematorium business, crematorium or crematorium operating company proposed to be disposed of; and
- (d) the net sale proceeds will be applied in accordance with the provisions set out in the Issuer/Borrower Loan Agreement; and
- (e) no more than two Crem Disposals will have been made (including that proposed) after the Closing Date from the portfolio of crematoria businesses conducted at the Closing Date.

Special Conditions applicable to any funeral home disposal by an Obligor:

- (a) the number of funerals conducted by the business and/or company proposed to be disposed of, when aggregated with the number of funerals conducted by the businesses and/or companies disposed of by the Obligors in the 12 month period preceding the date of the proposed disposal (after deducting the number of funerals conducted by the businesses and/or companies acquired in such 12 month period by way of Permitted

Acquisitions and Funeral Home Start-Ups), does not exceed 500 or (without making such deduction) 1,000; and

- (b) the number of funerals conducted by the business and/or company proposed to be disposed of, when aggregated with the number of funerals conducted by the businesses and/or companies disposed of by the Obligors since 11 April 2003 (after deducting the number of funerals conducted by the businesses and/or companies acquired since 11 April 2003 by way of Permitted Acquisitions and Funeral Home Start-Ups), does not exceed 5,000 or (without making such deduction), 10,000;
- (c) the Net Sale Proceeds will be applied in accordance with the terms of the Issuer/Borrower Loan Agreement; and
- (d) the disposal does not include any trademarks unless they are sold with a business or businesses and are used only in such business or businesses.

Special Conditions applicable to disposals of assets other than crematorium disposals and funeral home disposals by an Obligor:

- (1) In relation to the disposal of directly EBITDA generating assets (other than those referred to in (1)(b), (c) and (d) above):
 - (a) the anticipated net sale proceeds of the proposed disposal are equal to or greater than 120% of the relevant Allocated Debt Amount;
 - (b) an amount equal to 120% of the relevant Allocated Debt Amount will be applied from the net sale proceeds in accordance with "*Application of Net Sale Proceeds from Permitted Disposals by Obligors*" below, as if such amount represented the net sale proceeds of a funeral home disposal; and
 - (c) the amount (if any) by which net sale proceeds exceed 120% of such Allocated Debt Amount will be credited to the Elective Capex Account.
- (2) In relation to the disposal of assets that are not directly EBITDA generating (other than those referred to in (1)(b), (c) and (d) above):
 - (a) in the case of a Property asset used in a funeral home business, (i) the sale is in the context of (or following) a winding up of the business undertaken from that Property or (ii) the business will immediately thereafter be carried on from another Property of the relevant Obligor or (iii) paragraph (b)(iii) below applies to the net sale proceeds relating to such property; and
 - (b) the net sale proceeds of such disposal will be (i) credited to the Elective Capex Account or (ii) (in the case of a property that has been used in any funeral home business that has been wound up after the Initial Securitisation Closing Date) applied in accordance with "*Application of Net Sale Proceeds from Permitted Disposals by Obligors*" below, as if such net sale proceeds related to a funeral home disposal or (iii) (in the case of a freehold or long leasehold property used in a funeral home business that does not fall into paragraph (a)(i) or (ii) above) there will be credited to the Principal Reserve Account a portion of the net sale proceeds equal to the Rental Leverage Amount and the balance of the net sale proceeds will be applied in accordance with "*Application of Net Sale Proceeds from Permitted Disposals by Obligors*" below, as if such balance of net sale proceeds related to a funeral home disposal.

Application of Net Sale Proceeds from Permitted Disposals by Obligors

All net sale proceeds received by an Obligor in respect of a permitted disposal of a funeral home business or a company operating a funeral home business (each a "**funeral home disposal**") shall be credited to a segregated reserve account in the name of DFL and charged in favour of the Security Trustee (the "**Funeral Home Reserve Account**").

All net sale proceeds received by an Obligor in respect of a permitted disposal of a crematorium business, a crematorium or its shares in a company operating a crematorium (each a "**crematorium disposal**") shall be credited to a segregated reserve account in the name of DFL charged in favour of the Security Trustee (the "**Crematorium Reserve Account**").

Net sale proceeds of asset disposals that are neither funeral home disposals nor crematorium disposals shall be paid into the Funeral Home Reserve Account unless:

- (i) the asset was directly EBITDA generating, in which case any excess of its net sale proceeds over 120% of the relevant Allocated Debt Amount for such asset will instead be paid into the Elective Capex Account; or
- (ii) the asset is a freehold, heritable or long leasehold property that was not directly EBITDA generating and used in a funeral home business and the disposal was not in the context of a winding up of such business and the business will not be carried on in another freehold, heritable or long leasehold property acquired by the relevant Obligor, in which case a portion of the net sale proceeds equal to the Rental Leverage Amount will be paid into the Principal Reserve Account (as defined below) (with the balance paid into the Funeral Home Reserve Account); or
- (iii) the asset was a non-EBITDA generating asset that was not used in a funeral home business, in which case the net sale proceeds will be paid into the Elective Capex Account.

On the first anniversary of any disposal any net sale proceeds relating thereto which are standing to the credit of the Funeral Home Reserve Account or the Crematorium Reserve Account and have not been used for permitted acquisitions or developments (and not earmarked therefor) will be swept to a segregated account of the Borrower charged to the Security Trustee (the "**Principal Reserve Account**").

DFL may transfer unutilised net sale proceeds standing to the credit of the Funeral Home Reserve Account or the Crematorium Reserve Account to the Principal Reserve Account prior to the relevant first anniversary *provided that* on the date of any such transfer the Restricted Payment Condition is satisfied and that such proceeds are not earmarked for capital expenditure permitted from such account.

The Crematorium Reserve Account may be used only to fund permitted crematoria acquisitions and developments. The Funeral Home Reserve Account may be used only to fund permitted funeral home acquisitions or start-ups or permitted crematoria acquisitions and developments.

Treatment of insurance proceeds on Permitted Disposals by Obligors

Any net insurance proceeds received in an amount equal to or greater than £350,000 x CPI in respect of a claim for physical damage to an asset owned by an Obligor which relates to a funeral business shall be credited to the Funeral Home Reserve Account and any net insurance proceeds received in an amount equal to or greater than £350,000 x CPI in respect of a claim for physical damage to an asset owned by an Obligor which relates to a crematorium business shall be credited to the Crematorium Reserve Account and shall, in each case, be treated in the same way as net sale proceeds in respect of a permitted disposal of the relevant asset, save that the net insurance proceeds may be applied, in addition to the purposes relevant to Net Sale Proceeds, in reinstating the relevant asset on any date prior to the first anniversary of the receipt of the relevant insurance proceeds.

Tax Liabilities arising from Permitted Disposals by Obligors

Any Obligor which disposes of an asset (and where such Obligor realises an amount greater than £150,000 in connection with such disposal) shall use all reasonable endeavours to compute any Tax liability arising from such disposal and shall pay an amount equal thereto into an account of the Borrower from which payments are made in accordance with the Borrower's priorities of payment (the "**Loan Payments Account**") upon receipt of the sale proceeds. Where such an amount is paid into the Loan Payments Account, such amount shall constitute a loan from the disposing Obligor to the Borrower made in accordance with and under the terms of the inter-

company loan regime. Whenever any Tax is paid from the Loan Payments Account in respect of such disposal, such repayment shall constitute a repayment of the relevant inter-company loan.

Winding ups and strike-offs of Dormant Companies or certain other Dignity Group companies

The Security Trustee shall (subject to it being indemnified and/or secured to its satisfaction) consent to any voluntary winding up by the members of, or strike off from the register of companies of a Dormant Company or any of DHL, DH2 and DML (together with any activity certified by two directors of Dignity plc to be necessary in connection therewith) upon the receipt by the Security Trustee of:

- (a) *in respect of a members' voluntary winding up*, a certificate signed by two directors of Dignity plc, attaching a copy of the proposed members' resolution pursuant to which the relevant company will be wound-up, and confirming that the directors of the relevant company have made a statutory declaration of solvency;
- (b) *in respect of a strike off from the register*, a certificate signed by two directors of Dignity plc confirming that none of the circumstances specified in sections 1004 and 1005 of the Companies Act 2006 apply to the relevant company, and confirming that the strike off application will be made in accordance with section 1003(2) of that Act;
- (c) appropriate evidence as to:
 - (i) the amount of Tax payable in respect of such members voluntary wind up or strike off from the register; and
 - (ii) the payment or provision for such Tax; and
 - (iii) the taking of appropriate measures to mitigate against potential secondary taxation liabilities arising from such members voluntary winding up or strike off from the register.

The certificates referred to at paragraphs (a) and (b) above shall also confirm that the relevant Dormant Company or DHL, DH2 or DML, as the case may be, is not trading or conducting business and has not done so for 72 months prior to the date of such certificate, and no Loan Event of Default, Potential Loan Event of Default or Financial Advisor Appointment Event is subsisting at that time or would as a result of the winding up or strike off, as the case may be (**provided that** a Financial Adviser Appointment Event shall be ignored for this purpose if affirmation of the ratings of the Notes has been obtained from the Rating Agencies in contemplation of the relevant winding up or strike off).

Permitted corporate administrative changes

Any company in the Dignity Group may (a) change its registered office; (b) appoint or remove board members and/or a company secretary; (c) exercise its powers under its memorandum and articles of association (**provided that** this does not contravene the terms of the Obligor Transaction Documents); and (d) in the case of all such companies other than the Issuer, adopt new articles of association or amend the existing ones, **provided that** such new or amended articles would not reasonably be likely to have a Material Adverse Effect or otherwise materially prejudice the security or prevent such company complying with the terms of the Obligor Transaction Documents. As long as any Note remains outstanding, the Issuer may only amend its constitutional documents with the prior written consent of the Note Trustee or as envisaged by the other transaction documents or the Conditions.

Permitted Merger of Trusts

The Security Trustee shall (subject to it being indemnified and/or secured to its satisfaction) consent to a transfer of all or part of the assets and liabilities of the Dignity Limited Trust Fund ("DLTF") and/or the Peace of Mind Funeral Trusts and/or a New Dignity Trust and/or the National Funeral Trust (each a "**Dignity Trust**") to another Dignity Trust (a "**Trust Transfer**") following receipt of:

- (i) confirmation in the form of a certificate signed by two directors of Dplc on behalf of the Dignity Group confirming that the terms of the relevant Dignity Trust permits such a transfer to take place and that no Loan Event of Default, Potential Loan Event of Default or Financial Adviser Appointment Event is subsisting or might reasonably be expected to occur as a result of such transfer (*provided that* a Financial Adviser Appointment Event shall be ignored for this purpose if affirmation of the ratings of the Notes has been obtained from the Rating Agencies in contemplation of the relevant transfer);
- (ii) a certificate ("**Tax Certificate**") from the Dignity Group's tax advisers confirming that, based on current HMRC practice or specific confirmation from HMRC (i) the aggregate tax liability for all Obligors arising as a result of the transfer will not exceed 2% of EBITDA (as calculated at the most recent Quarter End Date in respect of the 12 month period ending on such Quarter End Date) ("**EBITDA Threshold**") ("**Trust Transfer Tax Liability**"); and (ii) each Trust Transfer Tax Certificate delivered in connection with any previous Trust Transfers completed pursuant to and in accordance with the terms of the Issuer/Borrower Loan Agreement has confirmed that the aggregate tax liability for all Obligors arising as a result of that Trust Transfer did not exceed 2 per cent. of EBITDA (as calculated at the most recent Quarter End Date prior to that Trust Transfer in respect of the 12 month period ending on such Quarter End Date).

Permitted employee share schemes

The Security Trustee shall (subject to it being indemnified and/or secured to its satisfaction) consent to any amendment or proposed amendment to any existing employee share schemes, and the introduction of any new employee share incentive arrangement, following certification in writing by 2 directors of Dignity plc that:

- (a) in the case of an amendment to existing employee share schemes:
 - (i) Dignity plc has obtained legal advice that such amendment will not breach or give rise to any successful claim pursuant to the Tax Deed of Covenant, or breach any rules or other terms of the relevant employee share scheme or any law or regulation applicable to its operation;
 - (ii) any consent or approval required from HMRC and/or the shareholders of Dignity plc and/or the participants in the relevant employee share scheme for such amendment has been or will be obtained before such amendment takes effect (or confirmation that no such consent or approval is required); and
- (b) in the case of a new employee share incentive arrangement:
 - (i) the new employee share incentive arrangement will be introduced for the benefit of employees, directors and/or consultants of the Dignity Group, which beneficiaries will obtain awards or entitlements relating to shares, securities, cash or any similar award or entitlement;
 - (ii) Dignity plc has obtained legal advice confirming that the introduction of the new scheme will not breach or give rise to any successful claim pursuant to the Tax Deed of Covenant, or any law or other regulation currently in force;
 - (iii) any consent or approval required from the shareholders of Dignity plc and/or HMRC has been or will be obtained before the scheme takes effect and/or any awards are made pursuant to it (or confirmation that no such consent or approval is required),

and after the amendments take effect or the new scheme has received the consent of HMRC and the shareholders of Dignity plc, and relevant Dignity Group board approval (as the case may be), Dignity plc will provide the Security Trustee with a copy of the

amended documents or the relevant documents for the new incentive arrangement (as the case may be) upon a request in writing therefor.

Permitted Acquisitions of businesses by Obligors

The Security Trustee shall (subject to it being indemnified and/or secured to its satisfaction) consent to any acquisition by an Obligor of a business or a body corporate or a partnership, in each case carrying on a Permitted Business (any such company or business being a "**Permitted Company**") or a body corporate which is a holding company of a Permitted Company (a "**Permitted Holding Company**"), if the following conditions are satisfied:

- (a) the relevant Obligor has confirmed that no Potential Loan Event of Default, Loan Event of Default or Financial Adviser Appointment Event has occurred and is continuing, (ii) (in respect of the acquisition of assets, shares and/or undertakings) first ranking security is provided over all the assets, shares, and undertakings so acquired in favour of and to the satisfaction of the Security Trustee, and (iii) (in respect of any property (other than a property transaction exempt under the Issuer/Borrower Loan Agreement) proposed to be acquired) a certificate of title and legal opinions addressed and in form and substance satisfactory to the Security Trustee are obtained in respect of such property (the "**General Obligors Acquisition Condition**");
- (b) such acquisition is an acquisition that relates to a Permitted Business;
- (c) the acquisition is made on arm's length terms for a cash consideration and does not entail the acquisition of a lease of a property carrying a rent which is more than 5% higher than the market rent; and
- (d) the Permitted Company or Permitted Holding Company proposed to be acquired did not generate negative Adjusted Asset EBITDA;
- (e) the relevant Obligor certifies that either (i) the Maximum Price Test (see below) is met or (ii) the amount by which the purchase price exceeds the amount determined in accordance with the Maximum Price Test is met from any of the sources set out in (g)(i) to (iii) and (vi) (inclusive) below; and
- (f) the acquisition is funded wholly from:
 - (i) a loan made available to the relevant Obligor by a person other than a member of the Dignity Group **provided that** the loan is made on a fully subordinated basis which may be secured on the share capital of a company other than the Borrower and its Subsidiaries; and/or
 - (ii) the proceeds of a Further Advance and/or a New Advance pursuant to the issue of Further Notes and/or New Notes (subject to the conditions precedent for the issue or sale of such Further Notes and/or New Notes and for the advance of such Further Advance and/or New Advance); and/or
 - (iii) the Elective Capex Account and/or the Restricted Payments Account and/or the Special Capex Account; and/or
 - (iv) in respect of the acquisition of a crematorium business or the shares in a company operating a crematorium business, funds standing to the credit of the Crematorium Reserve Account and/or the Funeral Home Reserve Account; and/or
 - (v) in respect of the acquisition of a funeral home business or the shares in a company operating a funeral home business, funds standing to the credit of the Funeral Home Reserve Account; and/or
 - (vi) a loan made available to the relevant Obligor by any member of the Dignity Group in accordance with and under the terms of the inter-company loans regime.

Maximum Price Test

The "**Maximum Price Test**" means, in relation to any acquisition of any business or shares, the condition that the purchase price for such business or shares is no greater than the Maximum Amount, where:

"**Maximum Amount**" means:

- (a) in respect of a business or company which operates a funeral home, $A \times B$ (where A =Adjusted Asset EBITDA attributable to the business or company proposed to be acquired and $B=7$);
- (b) in respect of a business or company which operates a crematorium, $A \times B$ (where A =Adjusted Asset EBITDA attributable to the business or company proposed to be acquired and $B=9$);

"**Adjusted Asset EBITDA**" means, in relation to a company or business to be acquired, the Asset EBITDA for that company or business for the Calculation Period that is attributable to the business or company that is proposed to be acquired, adjusted by:

- (a) deducting an amount equal to any increase in rentals related to any Property owned by the business or company which will be payable; and
- (b) adding back an amount equal to:
 - (i) any rentals which were previously payable but which will no longer be payable due to the acquisition of a freehold or heritable interest; and
 - (ii) any payments in respect of vehicles associated with the business *provided that* two directors of the relevant Obligor or Non-Obligor (as the case may be) provide the Security Trustee with a certificate stating that such vehicles will be sold or not acquired or the leases terminated; and
 - (iii) owner-operators' salaries; and
 - (iv) any non-recurring personal expenses,

in each case to the extent that such amounts have been taken into account in the calculation of the Asset EBITDA relating to such business or company but will no longer represent costs to such business or company going forward.

Permitted Acquisitions (Properties other than Crematoria) by Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to the acquisition by an Obligor of a property other than a crematorium if the following conditions are satisfied:

- (a) the General Obligors Acquisition Condition has been satisfied;
- (b) such property is to be used in connection with a Permitted Business; and
- (c) (unless the Permitted Acquisition is being funded through the disposal of another property which is not more than 5% lower in value) such acquisition is funded wholly from amounts standing to the credit of the Funeral Home Reserve Account and/or the Elective Capex Account and/or the Special Capex Account and/or the Restricted Payments Account and/or a loan made available to the relevant Obligor by any member of the Dignity Group.

Permitted Crematorium Developments by Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to a proposed crematorium development by an Obligor if the following conditions are satisfied:

- (a) the General Obligors Acquisition Condition is satisfied; and
- (b) such Obligor will own the freehold, heritable title or a long leasehold in the relevant property or crematorium property; and
- (c) such crematorium development is funded wholly from amounts standing to the credit of the Elective Capex Account and/or the Special Capex Account and/or the Restricted Payments Account and/or the Funeral Home Reserve Account and/or the Crematorium Reserve Account and/or loan made available to the relevant Obligor by any member of the Dignity Group in accordance with the inter-company loans regime; and
- (d) such Obligor will be entitled to receive all revenues generated by the business related to such crematorium property; and
- (e) the proforma EBITDA debt service cover ratio (calculated as described below) is at least 1.5:1.

If either paragraph (b) or (d) cannot be certified, the directors' certificate may alternatively certify that such Obligor is entitled to terminate all contracts and any leases relating to the proposed crematorium development without penalty should such Obligor's business carried on pursuant to that development prove to be commercially unviable and that each such contract permits the granting of security over it to the Security Trustee, is not capable of termination by the other contracting party by reason of any insolvency event relating to any person for so long as the obligations of the operator are performed in all material respects and is assignable subject only to the consent of the other contracting party (not to be unreasonably withheld), on terms whereby no future financial liabilities in respect of that business or any such contracts or leases shall be incurred.

The proforma EBITDA debt service cover ratio is the ratio of (a) Projected Adjusted EBITDA for the 12 calendar months following the Obligors' quarter date immediately preceding the proposed date for the entering into of such crematorium development to (b) debt service over such period.

Funeral Home Start-Ups by Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to a proposed funeral home start-up by an Obligor, if the following conditions are satisfied:

- (a) the General Obligors Acquisition Condition is satisfied; and
- (b) the acquisition of any property in connection with such funeral home startup is to be funded wholly from amounts standing to the credit of the Elective Capex Account and/or the Special Capex Account and/or the Restricted Payments Account and/or the Funeral Home Reserve Account and/or a loan made available to the relevant Obligor by any member of the Dignity Group in accordance with the inter-company loans regime.

Permitted Acquisitions of Short Leasehold Crematoria by Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to the acquisition by an Obligor of a lease of an already constructed and developed crematorium having a duration of less than 30 years (a "**Short Leasehold Crematorium**") if the following conditions are satisfied:

- (a) the General Obligors Acquisition Condition is satisfied;

- (b) the relevant Obligor will own a leasehold interest in the relevant crematorium property;
- (c) the acquisition of such Short Leasehold Crematorium will be funded from amounts standing to the credit of the Funeral Home Reserve Account and/or the Elective Capex Account and/or the Special Capex Account and/or the Restricted Payments Account and/or the Crematorium Reserve Account and/or a loan made available to the relevant Obligor by any member of the Dignity Group pursuant to the inter-company loan regime.

For the avoidance of doubt, the Security Trustee shall (subject to it being indemnified and/or secured to its satisfaction) consent to the acquisition of any Properties (other than Crematoria), any Permitted Crematorium Developments, any Funeral Home Start Ups and any acquisitions of Short Leasehold Crematoria by an Obligor from any third party vendor or a Connected Entity (as the case may be), provided each of the conditions in respect of such acquisitions have been satisfied by such Obligor. With respect to the Permitted Acquisition by Obligor of assets of Non-Obligors (whether solely owned by such Non-Obligor or in conjunction with a Connected Entity), the separate provisions relating to acquisitions by Obligor from Non-Obligors set out in the Issuer/Borrower Loan Agreement shall apply.

In the event that an acquisition or development by an Obligor, as described under the headings "Permitted Acquisitions of businesses by Obligor", "Permitted Acquisitions (Properties other than Crematoria) by Obligor", "Permitted Crematorium Developments by Obligor", "Funeral Home Start-Ups by Obligor" or "Permitted Acquisitions of Short Leasehold Crematoria by Obligor" above, involves the acquisition of shares in or assets from a Non-Obligor, this will not be subject to the conditions outlined under the above headings but will instead be subject to the conditions outlined below under the following headings "Permitted Acquisitions by Obligor of Assets of Non-Obligors" and "Permitted Acquisitions by Obligor of shares in Non-Obligors".

Permitted Acquisitions by Obligor of Assets of Non-Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to a proposed acquisition by an Obligor of assets of a Non-Obligor if the following conditions are satisfied:

- (a) such acquisition is of assets and/or undertakings in a Non-Obligor carrying on a Permitted Business and that the assets and/or undertakings of such Non-Obligor are to be used by such Obligor in connection with a Permitted Business;
- (b) that the assets and/or undertakings to be acquired do not include a Non-Obligor Investment in a Connected Entity;
- (c) the acquisition is made on arms' length terms for a cash consideration and does not entail the acquisition of a lease of a property carrying a rent which is in excess of the market rent;
- (d) the assets proposed to be acquired did not generate negative Adjusted Asset EBITDA;
- (e) the relevant Maximum Amount, and that either (a) the Maximum Price Test is met or (b) the amount by which the Purchase Price exceeds the amount determined in accordance with the Maximum Price Test is met from any of the sources set out in paragraphs (i) to (iii) and (vi) of paragraph (f) below; and
- (f) the acquisition is funded wholly from:
 - (i) a loan made available to the relevant Obligor by a person other than a member of the Dignity Group, ***provided that*** the loan is made on a fully subordinated basis which may be secured on the share capital of a company which is not an Obligor or the Issuer (provided such security is also subordinated to any other security thereover pursuant to the Borrower Security Documents) (i) confirmed in a legal opinion addressed to the Security Trustee and (ii) obtained by the relevant Obligor at such Obligor's expense; and/or

- (ii) the proceeds of a Further Advance and/or a New Advance pursuant to the issue of Further Notes and/or New Notes (subject to satisfaction of the conditions precedent for the issue or sale of such Further Notes and/or New Notes and for the advance of such Further Advance and/or New Advance); and/or
- (iii) amounts standing to the credit of the Special Capex Account and/or the Elective Capex Account and/or the Restricted Payments Account; and/or
- (iv) in respect of the acquisition of a crematorium business, funds standing to the credit of the Crematorium Reserve Account and/or the Funeral Home Reserve Account; and/or
- (v) in respect of the acquisition of a funeral home business, funds standing to the credit of the Funeral Home Reserve Account; and/or
- (vi) a loan made available to the relevant Obligor by a member of the Dignity Group in accordance with the inter-company loans regime;
- (g) the General Obligors Acquisition Condition is satisfied;
- (h) any External Loan (and any Refinanced External Loan) used to finance any assets of such Non-Obligor has been, or will be (at the time of such acquisition), repaid or prepaid in full; and
- (i) any security granted over such assets in favour of any External Lender (in connection with any External Loan made available or provided by such External Lender to finance such assets) has been, or will be (at the time of such acquisition), released.

Any acquisition by an Obligor of assets of Non-Obligors is also subject to the Latent Tax Conditions (see "*Latent Tax Conditions*" below).

Permitted Acquisitions by Obligors of shares in Non-Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to a proposed acquisition of shares in a Non-Obligor by an Obligor if the following conditions are satisfied:

- (a) such acquisition is of shares in a Non-Obligor carrying on a Permitted Business and that the assets and/or undertakings of such Non-Obligor are to be used by such Obligor in connection with a Permitted Business;
- (b) the Non-Obligor proposed to be acquired does not (at that time) have a Non-Obligor Investment with a Connected Entity;
- (c) the acquisition is made on arms' length terms for a cash consideration and does not entail the acquisition of a lease of a property carrying a rent which is more than 5% higher than the market rent;
- (d) the Non-Obligor proposed to be acquired did not generate negative Adjusted Asset EBITDA;
- (e) the relevant Maximum Amount, and that either (a) the Maximum Price Test is met or (b) the amount by which the Purchase Price exceeds the amount determined in accordance with the Maximum Price Test is met from any of the sources set out in paragraphs (i) to (iii) and (vi) of paragraph (f) below; and
- (f) the acquisition is funded wholly from:
 - (i) a loan made available to the relevant Obligor by a person other than a member of the Dignity Group, ***provided that*** the loan is made on a fully subordinated basis which may be secured on the share capital of a company which is not an Obligor or the Issuer (provided such security is also subordinated to any other

- Borrower Security thereover pursuant to the Borrower Security Documents) (i) confirmed in a legal opinion addressed to the Security Trustee and (ii) obtained by the relevant Obligor at such Obligor's expense; and/or
- (ii) the proceeds of a Further Advance and/or a New Advance pursuant to the issue of Further Notes and/or New Notes (subject to satisfaction of the conditions precedent for the issue or sale of such Further Notes and/or New Notes and for the advance of such Further Advance and/or New Advance); and/or
 - (iii) amounts standing to the credit of the Special Capex Account and/or the Elective Capex Account and/or the Restricted Payments Account; and/or
 - (iv) in respect of the acquisition of a crematorium business or the shares in a company operating a crematorium business, funds standing to the credit of the Crematorium Reserve Account and/or the Funeral Home Reserve Account; and/or
 - (v) in respect of the acquisition of a funeral home business or the shares in a company operating a funeral home business, funds standing to the credit of the Funeral Home Reserve Account; and/or
 - (vi) a loan made available to the relevant Obligor by any member of the Dignity Group pursuant to the inter-company loans regime;
- (g) the General Obligors Acquisition Condition is satisfied;
 - (h) any External Loan (and any Refinanced External Loan) used to finance any assets of such Non-Obligor has been, or will be (at the time of such acquisition), repaid or prepaid in full;
 - (i) any security granted over any assets of such Non-Obligor in favour of any External Lender (in connection with any External Loan made available or provided by such External Lender of such assets) has been, or will be (at the time of such acquisition), released;
 - (j) upon acquisition by an Obligor of the shares in a Non-Obligor, the Non-Obligor (together with each of its subsidiaries) shall, at the effective time of such acquisition (i) be deemed to be released as Non-Obligor(s) and (ii) will enter into an Obligor Accession Deed under the terms of the Issuer/Borrower Loan Agreement.

Any acquisition by Obligors of shares in Non-Obligors is also subject to the Latent Tax Conditions below.

Latent Tax Conditions

The consent of the Security Trustee to any acquisition by an Obligor (the "**Acquiring Obligor**") of shares in or assets of a Non-Obligor will also be subject to certain conditions related to Tax liabilities which could arise to any Obligor in the event that the Acquiring Obligor ceases to be a member of the same Tax Group as the Non-Obligor from which the relevant assets or shares (as applicable) were acquired immediately following such acquisition, whilst holding the shares or assets it has acquired (the amount of any such liability, as certified by Dignity Group's tax advisers, being a "**Latent Tax Amount**"). An amount will not however be considered a Latent Tax Amount if the Rating Agencies have affirmed, prior to and in contemplation of the relevant acquisition (including the potential Tax liability), the then current ratings of all classes of the Notes, and an amount will cease to be considered a Latent Tax Amount to the extent that it relates to an acquisition subsequent to which the Rating Agencies have affirmed the then current ratings of the Notes with the amount of such Latent Tax Amount having been disclosed to them.

The Security Trustee shall only be obliged to consent to the acquisition by an Obligor of shares in or assets of a Non-Obligor if:

- (i) the Latent Tax Amount in respect of such acquisition, when aggregated with all other outstanding Latent Tax Amounts relating to previous acquisitions (but excluding Latent Tax Amounts where the time period or circumstances in which such Latent Tax Amount could crystallise and become an actual liability have expired or ceased to exist) (such amount, as certified by Dignity Group's tax advisers, the "**Obligor Extant Latent Tax Amounts**"), does not exceed the sum of:
 - (A) 2% of EBITDA (calculated at the most recent Quarter End Date for the immediately preceding 12 month period); and
 - (B) to the extent that the Latent Tax Amount and/or any Obligor Extant Latent Tax Amount relates to tax on chargeable gains, the then available Shelter Amount (where "**Shelter Amount**" means the carried forward loan relationship non-trading deficits of Dignity Services, as certified by Dignity's tax advisers as being available for utilisation against capital gains of another Obligor where such gain has been elected into Dignity Services pursuant to section 171A of the Taxation of Chargeable Gains Act 1992, multiplied by the applicable rate of corporation tax at that time),(A) and (B) together, the "**Obligor Maximum Latent Tax Amount**"; or
- (ii) the Latent Tax Amount in respect of such acquisition, when aggregated with the Obligor Extant Latent Tax Amounts exceeds the Obligor Maximum Latent Tax Amount, but an amount equal to any excess is withheld by the purchasing Obligor from the acquisition consideration and paid by such Obligor into a dedicated account held by the Borrower for such purposes (the "**Latent Tax Reserve Account**"); or
- (iii) the Rating Agencies have affirmed the then current ratings of each class of Notes prior to and in contemplation of the relevant acquisition.

Funds may only be paid out of the Latent Tax Reserve Account in the following circumstances:

- (i) to HMRC to discharge any Latent Tax Amount which has become payable;
- (ii) the amount standing to the credit of the Latent Tax Reserve Account exceeds the Obligor Maximum Latent Tax Amount as a result of the whole or any part of a Latent Tax Amount ceasing to exist (as certified by Dignity's tax advisers), in which case an amount equal to the excess shall be released to the relevant Obligor to (where applicable) be paid to the Non-Obligor in respect of the acquisition to which such amount relates; or
- (iii) where the Rating Agencies have affirmed the then current ratings of each class of Notes following disclosure of (A) the then current Obligor Extant Latent Tax Amount and (B) an intention to release an amount equal to that Obligor Extant Latent Tax Amount from the Latent Tax Reserve Account, an amount equal to such amount (or such lesser amount specified by the Rating Agencies) shall be released to the relevant Obligor to be paid (to the extent applicable) to the relevant Non-Obligor in respect of the acquisition to which that amount relates.

Permitted Investments by Non-Obligors

The Security Trustee will (subject to it being indemnified and/or secured to its satisfaction) consent to a Non Obligor Investment if the following conditions are satisfied:

- (a) the General Non-Obligors Acquisition Condition is satisfied;
- (b) such Non-Obligor Investment is an acquisition of assets, shares and/or undertakings that relate to a Permitted Business;

- (c) the acquisition is funded wholly from:
 - (i) cash held by the relevant Non-Obligor, and/or
 - (ii) a loan made available to the relevant Non-Obligor by any member of the Dignity Group in accordance with and under the terms of the inter-company loan regime; and/or
 - (iii) any External Loan made available by an External Lender for the purpose of such Non-Obligor making such acquisition, **provided that** any security required by such External Lender for any such External Loan is granted only in respect of the assets being acquired and on a limited recourse and non-petition basis;
- (d) the EBITDA: Non-Obligors EBITDA Ratio is at least 100:30 as calculated at the most recent Quarter End Date in respect of the 12 month period ending on such date; and
- (e) in the case of a Permitted Non-Obligor Acquisition, such a company or holding company will accede to the Issuer/Borrower Loan Agreement and the Tax Deed of Covenant as a Non-Obligor.

Any business or assets acquired or developed by a Non-Obligor pursuant to the conditions described under the headings "*Permitted Acquisitions of Short Leasehold Crematoria by Obligors*" above will be capable of transfer to an Obligor **provided that** the conditions outlined above under the heading "*Permitted Acquisitions by Obligors of Assets of Non-Obligors*" or, as the case may be, "*Permitted Acquisitions by Obligors of shares in Non-Obligors*" are satisfied.

Security over acquired assets and accession

Security over assets acquired by an Obligor will be provided to the Security Trustee in every case, and any company which is acquired by an Obligor (including any existing Non-Obligor which is acquired by an Obligor) will be required at the time of such acquisition to accede to the Issuer/Borrower Loan Agreement as an Obligor and to the Tax Deed of Covenant. Any such company which was a Non-Obligor (prior to the relevant acquisition) shall, at the effective time of such acquisition, be released as a Non-Obligor and accede to the Issuer/Borrower Loan Agreement as an Obligor.

Crematoria Upgrades

If any environmental law is passed which requires any of the Obligors' crematoria to be upgraded such that more than £1,000,000 of capital expenditure will be required to be incurred for such purpose (an "**Upgrade Event**"), the Obligors will retain an experienced firm of environmental consultants and, with them, prepare a capital cost estimate for the carrying out of the required upgrades (the "**Crematoria Upgrades**"). The Obligors will also determine a level of price increase for their cremation services which will (to the extent commercially practicable) seek to fund such capital cost in full before the upgrades are required to be completed. Any such price increase which is designed to fund such capital cost shall be paid on a monthly basis from the Obligors' operating accounts into an account which the Obligor has established (the "**Upgrade Reserve Account**"), which is charged to the Security Trustee.

When capital expenditure is required to be incurred in respect of any Crematoria Upgrades, the Obligors will, against certification by the Obligors to the Security Trustee of the incurring of the expenditure, be entitled to access the Upgrade Reserve Account (and no other account) to pay the requisite amounts.

If the Obligors' projections and calculations demonstrate that the price increases are likely to be insufficient to fund such capital cost by the required time(s), the Upgrade Reserve Account will be funded to meet any projected shortfall from the following accounts and in the following order at any time balances are available on such accounts:

- (i) the Elective Capex Account;
- (ii) the Restricted Payments Account;

- (iii) the Special Capex Account;
- (iv) the Funeral Home Reserve Account; and
- (v) the Crematorium Reserve Account

and the Obligors will instruct the necessary transfers immediately such balances arise (although withdrawals from the Funeral Home Reserve Account and the Crematorium Reserve Account will require the Security Trustee's prior written consent).

If sums are taken from any of the accounts listed in (i) to (v) above, then, provided there is no Loan Event of Default or Potential Loan Event of Default and the Obligors certify to the Security Trustee that the remaining projected capital cost of the Crematoria Upgrades is fully funded by the credit balance on the Upgrade Reserve Account, the Obligors will be entitled to withdraw any excess balance on the Upgrade Reserve Account and restore the relevant sums to the relevant accounts referred to in (i) to (v) above, which shall be replenished in reverse order.

The Obligors shall be entitled to raise additional funds, by any of the means set out in paragraphs (f)(i), (ii) and (iii) in *"Permitted Acquisitions of businesses by Obligors"* above, to finance any projected shortfall. Any such funds so raised shall be transferred immediately to the Upgrade Reserve Account.

The Obligors will be required annually to make prudent projections and calculations as to the adequacy of the last determined price increases referred to above which were intended to fund the capital cost of the Crematoria Upgrades. If such last determined price increases are projected to be inadequate, the Obligors will consider the potential (where commercially practicable) to increase the price of cremation services further. If a further price increase is considered to be commercially practicable, the increased price shall, together with any revised estimate of capital costs, be factored into the projections and calculations to establish whether there continues to be a projected shortfall.

For so long as there is any projected shortfall between the projected capital cost of Crematoria Upgrades and the balance on the Upgrade Reserve Account (a) the Obligors will exercise their rights to credit the Special Capex Account as mentioned in *"Capex Payments from Operating Revenues"* below (the balance on this account to be applied as mentioned in the third paragraph of this section) and (b) all sums otherwise available to be utilised in making Restricted Payments will be applied in making good the shortfall by crediting the same to the Upgrade Reserve Account.

If the Upgrade Reserve Account has a credit balance in excess of the remaining projected capital cost of the Crematoria Upgrades and all of the accounts referred to in (i) to (v) above have been replenished to the extent previously used to fund the Upgrade Reserve Account, then (a) the Obligors will no longer be required to pay operating revenues attributable to price increases into the Upgrade Reserve Account and (b) any excess credit balance on that account will be paid into the Borrower's Loan Payments Account.

For the avoidance of doubt, all sums spent on Crematoria Upgrades (or, to the extent that a Crematoria Upgrade coincides with a regularly scheduled replacement of a crematorium, the incremental sum spent on the Crematoria Upgrades) will neither count towards the Minimum Capex Maintenance Amount nor be financed through amounts in the Capex Reserve Account.

Covenant To Spend Minimum Capex Amount

In each calendar year the Obligors will spend an aggregate amount at least equal to the Minimum Capex Maintenance Amount (as defined below) on the maintenance, replacement or repair of the assets (which expenditure would properly be treated as capital expenditure in accordance with the usual accounting policies of the Obligors) ("**Capital Maintenance Expenditure**"). This minimum amount must be paid from operating revenues, subject to the following paragraph.

If, in any calendar year, the Obligors spend less than the Minimum Capex Maintenance Amount in respect of Capital Maintenance Expenditure from operating revenues, the Obligors will be required to deposit, from operating revenues, an amount equal to the difference between the

Capital Maintenance Expenditure incurred by the Obligors in that calendar year and the Minimum Capital Maintenance Amount into the Capex Reserve Account, an account in the name of the Borrower charged in favour of the Security Trustee.

Amounts standing to the credit of the Capex Reserve Account may be applied only for the purposes of Capital Maintenance Expenditure (or, with the consent of the Security Trustee, transferred to the Principal Reserve Account).

Capital Maintenance Expenditure will not include any expenditure required for any Crematoria Upgrade.

Limit on Capital Maintenance Expenditure

The Capital Maintenance Expenditure by the Securitisation Group in any financial year will be limited to the aggregate of:

- (a) the Minimum Capex Maintenance Amount for such financial year; and
- (b) any amounts taken from the Capex Reserve Account and/or the Elective Capex Account and/or the Special Capex Account and/or the Restricted Payments Account and/or a loan from any member of the Dignity Group (other than an Obligor) made in accordance with the Issuer/Borrower Loan Agreement.

Limit on Development Capex

The aggregate amount of expenditure by members of the Securitisation Group in connection with permitted developments and funeral home start-ups (together "**Development Capex**") funded from sources other than the Elective Capex Account, the Restricted Payments Account and subordinated loans from any member of the Dignity Group to DFL made in accordance with and pursuant to the inter-company loan regime in any financial year will be limited to £7,000,000 multiplied by CPI.

Limit on Capex other than Capital Maintenance Expenditure

Capital expenditure (which shall include the payment of surrender premia in respect of short leasehold properties no longer required for the Securitisation Group's businesses and the placing of any cash collateral as security for any part of the acquisition price of a business which is deferred or for a construction bonding facility where such collateral is permitted security), other than Capital Maintenance Expenditure, may not be made from any source other than the Funeral Home Reserve Account, the Crematorium Reserve Account, the Elective Capex Account, the Special Capex Account, the Restricted Payments Account and the Upgrade Reserve Account (in each case in accordance with the relevant conditions relating to the use of that account) and (in the case of the funding or refinancing of permitted acquisitions or Crematoria Upgrades) the sources of funding permitted for such purposes (see "*Permitted Acquisitions*" and "*Crematoria Upgrades*" above). All such capital expenditure must relate to permitted acquisitions, permitted crematorium developments, funeral home start-ups and Crematoria Upgrades.

No capital expenditure may be incurred if a Loan Event of Default or a Potential Loan Event of Default has occurred and is continuing unless the Potential Loan Event of Default or Loan Event of Default has been notified to the Note Trustee and the Note Trustee has consented to permitted capital expenditure continuing to be made. If, however, a legally binding commitment has been entered into prior to any such event mentioned above, the commitment may be discharged and the Note Trustee shall allow such payment (without prejudice to the Note Trustee's rights to block all security accounts following the occurrence of a Loan Event of Default or a Potential Loan Event of Default).

If an Upgrade Event has occurred, the Obligors will be entitled to utilise sums standing to the credit of the Upgrade Reserve Account to discharge any legal requirement to carry out Crematoria Upgrades, up until the date on which it is determined that the security for the Issuer/Borrower Loan is to be enforced.

Capex Payments from Operating Revenues

At the end of each financial year the Obligors, provided the Free Cashflow debt service cover ratio for such financial year was at least 1.2:1, may, at their option, credit to an account in the Borrower's name charged to the Security Trustee (the "**Special Capex Account**"), from operating revenues, an amount equal to the lower of:

- (i) £7,250,000 multiplied by CPI; and
- (ii) the maximum amount (if any) that could be deducted from the figure for Free Cashflow, derived from the audited accounts for the relevant financial year, without the Free Cashflow debt service cover ratio over such financial year falling below 1:1.

The balance of the Special Capex Account may, at the Borrower's option, be transferred in whole or in part to the Principal Reserve Account at any time but otherwise may only be used in making permitted capital expenditure as specified.

Elective Capex Account

Sums standing to the credit of the Elective Capex Account may be credited to the Principal Reserve Account at any time at the Borrower's option. Otherwise they may be utilised as specified in the Obligor Transaction Documents but for no other purpose.

If any Surplus is paid from any of the Trusts to any of the Obligors, an amount equal thereto will be paid immediately into the Elective Capex Account, net of any Tax that may be charged to any Obligor in respect of such payment (which shall be paid into the Loan Payments Account), and will remain in such account until the later of:

- (i) the anniversary of the date of such payment from such Trust; and
- (ii) the date (if any) up to which the relevant Trust's trustees could, according to the Trust documentation, demand recovery of the Surplus.

If at any date after the date referred to in paragraph (i) or (ii) above, the Restricted Payment Condition is satisfied, a sum equal to the net amount so paid into the Elective Capex Account (the "**Net Surplus**") (up to a maximum aggregate of such Net Surpluses in any year of £2,000,000), may be transferred to the Restricted Payments Account. If the aggregate of the Net Surpluses so paid into the Elective Capex Account in any year exceeds £2,000,000, no part of the excess may be transferred to the Restricted Payments Account for 24 months after the date such Surplus was paid (and then only if certain additional restrictions are satisfied), *provided that*, if all previous Net Surpluses paid into the Elective Capex Account have been withdrawn for permitted purposes, such excess may be used for permitted purposes.

The additional restrictions referred to above are:

- (i) no Trust has, at the relevant time, any deficit (other than on a mass cancellation basis and according to the most recent actuarial valuation of the Trusts);
- (ii) the maximum aggregate amount that may be paid into the Restricted Payment Account from such excess (referred to above) shall be 50% of the aggregate of all Surpluses in the Trusts calculated in the most recent actuarial valuation less all Surpluses paid out of the Trusts since the relevant most recent actuarial valuation; and
- (iii) the Restricted Payment Condition is met but such sums are not required to be applied in accordance with the Borrower Priorities of Payments.

The balance of the Elective Capex Account on the Closing Date is anticipated to be no more than £11 million, with the precise amount being dependent on the level of acquisition activity before the Closing Date. This amount includes nil relating to Net Surpluses.

Transfers from Loan Payments Account

The Borrower may transfer funds in the Loan Payments Account to the Elective Capex Account and/or the Principal Reserve Account in circumstances where the Restricted Payment Condition is not fully satisfied, ***provided that*** (i) there is no existing Loan Event of Default, Potential Loan Event of Default or Financial Advisor Appointment Event and such an event could not reasonably be expected to occur as a result of such transfer, and (ii) no advances are then outstanding under the Working Capital Facility or the Liquidity Facility excluding, for the avoidance of doubt, any Liquidity Reserve Drawing (except that no such transfer may be made during the 5 Business Days before each Loan Payment Date).

Any such funds transferred (i) to the Elective Capex Account may then be permitted to be used by Obligors for all forms of permitted acquisitions and permitted developments contemplated the Issuer/Borrower Loan Agreement; and (ii) to the Principal Reserve Account will be available for making open market purchases of Notes in each case in accordance with the provisions of the Issuer/Borrower Loan Agreement and in particular the applicable conditions described below:

(a) *Certification that funds will generate a minimum return*

Funds transferred to the Elective Capex Account in such circumstances and used by an Obligor for the purpose of an acquisition or development will, to the best of the Borrower's knowledge and belief, and based on their reasonable assessment of prevailing market conditions at the time of such representation, generate a pre-tax internal rate of return of at least the cost of the debt (the "**Cost of Debt**") plus a margin of 1.00 %. The Cost of Debt, determined by the Borrower, will be calculated at the time of the relevant transfer of funds to the Elective Capex Account and will be based on the projected weighted average blended coupon rate applicable to the Class A Notes and the Class B Notes (together with any subordinated New Notes) in issue at the time of the proposed relevant acquisition or development.

(b) *Restriction on type of activity for which transfers to the Elective Capex Account are permitted*

Excess monies in the Loan Payments Account, once transferred to the Elective Capex Account, may ordinarily be applied in the manner contemplated by the existing provisions of the Issuer/Borrower Loan Agreement to make any form of acquisition or development permitted thereunder. However, any monies so transferred whilst the Restricted Payment Condition is not satisfied may not be used to fund the acquisition or development of any new crematorium assets which have not been established and in operation for at least three calendar years at the time of such acquisition or development. The Borrower will be required to provide a certificate to this effect at the time of such transfer. Such monies will also be prohibited from being used to fund an acquisition from a member of the Dignity Group not being an Obligor.

(c) *Minimum balance requirement for the Loan Payments Account when the Restricted Payment Condition is not satisfied*

On and following any Loan Payment Date on which the Restricted Payment Condition is not satisfied, the Borrower undertakes to retain any excess funds after application of the priority of payments on such Loan Payment Date in the Loan Payments Account until the balance of such retained funds is at least £16 million (the "**LPA Required Balance**"). The Borrower is prohibited from transferring amounts from the Loan Payment Account to the Elective Capex Account for the purposes of making permitted acquisitions or developments if (i) immediately prior to the first such transfer to the Elective Capex Account during any period when the Restricted Payment Condition is not satisfied, the LPA Required Balance is not present; and (ii) any such transfer during any period when the Restricted Payment Condition is not satisfied would cause the balance in the Loan Payment Account to fall below £10 million.

Notwithstanding the above, on and following any Loan Payment Date on which the Restricted Payment condition is not satisfied, the Borrower will be permitted to transfer

funds from the Loan Payments Account directly to the Principal Reserve Account to make market purchases of Notes (at or below par value) pursuant to the market purchase mechanics contained in the Issuer/Borrower Loan Agreement (subject to the additional conditions described in sub-paragraph (d) below), ***provided that*** (i) immediately prior to the first such transfer to the Principal Reserve Account during any period when the Restricted Payment Condition is not satisfied, the balance in the Loan Payments Account is at least £10 million; and (ii) in respect of any such transfer during any period when the Restricted Payment Condition is not satisfied, such transfer would not cause the balance in the Loan Payments Account to fall below £5 million.

(d) *Open market purchases of Notes*

Excess funds transferred from the Loan Payments Account in the circumstances described above whilst the Restricted Payment Condition is not satisfied may be used to make open market purchases of the Notes pursuant to the open market purchase mechanics contained in the Issuer/Borrower Loan Agreement, (see "*Mandatory Prepayment from Principal Reserve Account and Market Purchases*" above), including the following conditions:

- (i) any such market purchase must be made through a public tender process; and
- (ii) any such market purchase must be made at or below par value.

Working Capital Clean-up Covenant

The Borrower will ensure that all cash drawings under the Working Capital Facility are repaid in full, and no such advances are drawn, for a period of at least five business days in each half of each calendar year (the "**Working Capital Clean-up Covenant**").

Centre of Main Interest

Each Obligor, Additional Obligor and the Issuer has covenanted to maintain its place of registration and ensure that the management and control of each Obligor, Additional Obligor and the Issuer is conducted in the United Kingdom and not to maintain any establishment outside the United Kingdom without the express prior written consent of the Security Trustee.

Inter-company loan regime

Any member of the Dignity Group may:

- (i) make a new loan or grant credit to any other member of the Dignity Group;
- (ii) vary the terms of any existing or new loan in place with any other member of the Dignity Group; and/or
- (iii) offset, repay, assign or release any existing or new loan with any other member of the Dignity Group,

provided that:

- (a) where the borrower is either an Obligor or a Guarantor:
 - (i) the rights of the Dignity Group Company acting as lender to receive any payment or to benefit from any off-set or release and the ability of the Dignity Group Company acting as borrower to make a payment, offset or release will be subordinated to the Secured Sums (as defined in the Debenture);
 - (ii) all obligations of the Dignity Group Company acting as borrower to the Dignity Group Company acting as lender shall be limited in recourse;
- (b) any loan made by an Obligor to any other Dignity Group Company (other than to another Obligor or the Issuer) is subject to the Restricted Payment Condition; and

- (c) with respect to any repayments where an Obligor is a lender or a borrower, certain tax certifications shall be required and, in the case where an Obligor is a borrower, is subject to the Restricted Payment Condition.

Further Positive Covenants

Each Obligor has covenanted that it shall (subject in certain cases to materiality tests):

- (a) notify the Note Trustee of any Loan Event of Default, Potential Loan Event of Default or Financial Adviser Appointment Event immediately upon becoming aware of it and, if so requested by the Note Trustee, supply to the Note Trustee a certificate certifying that so far as the board of directors of each member of the Securitisation Group are aware no default is continuing or, if it is, specifying the default and the steps being taken to remedy it;
- (b) ensure that any short leaseholds entered into, where the relevant landlord is another Dignity Group company, do not include any right on the part of the landlord to forfeit or irritate the lease upon the appointment of a receiver to the tenant, and use all reasonable endeavours to ensure that any short leaseholds entered into, where the relevant landlord is **not** another Dignity Group company, do not allow the landlord to forfeit or irritate the lease to take such action;
- (c) ensure that any new leases entered into contain a provision requiring the landlord to give at least 14 days' notice to the tenant in respect of exercising any right of forfeiture or irritancy;
- (d) ensure that any new leases entered into permit the tenant to grant security to the Security Trustee over its rights under the lease;
- (e) ensure that any long leaseholds entered into do not include any right on the part of the landlord to forfeit or irritate the lease by reason of the liquidation, insolvency or receivership of any person;
- (f) comply with the terms of each lease to which it is a party in all material respects (save only insofar as any lease may be breached by reason of it containing a prohibition or restriction on the granting of security or assignment to DFL by the tenant);
- (g) notify the Security Trustee immediately if it receives notice from a landlord of any breach of, and/ or of intention to forfeit, any lease to which it is a party;
- (h) ensure that the aggregate number of funerals conducted by those funeral home businesses of the Obligors which relocated or relocate after calendar year 2002 from freehold or long leasehold properties to short leasehold properties does not exceed 7,000 (as at the Closing Date, the number of such funerals is zero);
- (i) maintain appropriate insurance for the Securitisation Group and comply with such insurance policies;
- (j) protect and maintain authorisations, intellectual property (including third party intellectual property licences), trade names, franchises and contracts;
- (k) save in respect of current and/or deposit accounts acquired as a result of a Permitted Obligor Acquisition, in respect of which the relevant Obligor will use best endeavours to transfer to an account with an Approved Bank as soon as reasonably practicable following the date of the Permitted Obligor Acquisition, maintain bank accounts in accordance with the Obligor Cash Administration and Account Bank Agreement with the Obligor Account Bank (or, in the case of certain operating accounts, with an alternative bank which has a rating required of an Approved Bank and in contemplation of which the Rating Agencies have affirmed the current ratings of the Notes), and pay all receivables into accounts charged in favour of the Security Trustee;

- (l) on at least three days' notice from the Note Trustee, permit access to premises and records by the Note Trustee;
- (m) comply with all laws and regulations including environmental laws and permits;
- (n) comply with its obligations under the Obligor Transaction Documents and enforce its rights under the Obligor Transaction Documents and the documents relating to the Acquisition;
- (o) comply with any undertakings made to the Competition and Markets Authority; and
- (p) procure that Pitcher & Le Quesne Limited ("**PQL**") guarantees the Issuer/Borrower Loan and the Working Capital Facility and grants security to the Security Trustee as soon as practicable after the delivery of any annual compliance certificate of the Borrower stating that either (i) based on its latest audited financial statements PQL's total assets are more than £15,000,000 multiplied by CPI or (ii) the portion of EBITDA (calculated from, or in, any audited consolidated financial statements in respect of the Securitisation Group) attributable to PQL was 5% or more.

Tax Covenants

The Tax Deed of Covenant imposes various Tax related covenants on the Obligors and other Dignity Group members.

Covenants relating to the Trusts

Without prejudice to their right to make permitted mergers or transfer of Trusts, the Obligors will procure that:

- (i) no Surplus is paid to any person otherwise than in accordance with the documentation relating to the Trusts and with the approval of all of the trustees (as evidenced by a copy of the minutes of the relevant meeting of the trustees, indicating the approval of all trustees);
- (ii) the pre-need business will be carried on such that the Obligors can continue to rely on the Article 60 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ("**RAO**") exclusion to the general prohibition on carrying on a regulated activity without authorisation or exemption (set out in section 19 of the Financial Services and Markets Act 2000 ("**FSMA**")) ("**Exclusion**") or any similar or equivalent exclusion or exemption to authorisation and, if there is any change in law or regulation (including the RAO, the Exclusion or FSMA), which requires an Obligor to be authorised in respect of any part of the pre-need business that;
- (iii) such Obligor obtains such authorisation to the extent necessary to lawfully perform its obligations in respect of the existing pre-need business;
- (iv) no Obligor establishes a new pre-need business or scheme without obtaining the authorisation necessary to lawfully perform its obligations in respect of such business or scheme;
- (v) all pre need businesses or schemes established by any of the Obligors after the date hereof will be commercially similar in all substantive respects to at least one of the pre need businesses and schemes in existence at the date hereof and any new trust in respect of scheme contributions from members shall be substantially similar to one of the Trusts;
- (vi) all funeral directors which are available to be nominated by planholders as the funeral directors which are to perform their funerals are members of a professional body of funeral directors or are otherwise of high reputation in the profession; and
- (vii) the pre need business is managed with a view to such business remaining profitable and, if such business ceases to be profitable, the Obligors shall promptly notify the Note Trustee who shall be entitled to appoint, at the Borrower's cost, an independent firm of

accountants to prepare a report within 30 days as to whether the pre need business can be returned to profitability within 12 months. If the appointed firm determines that this is not likely the Obligor will cease writing such business.

Negative Covenants

These consist of restrictions on (*inter alia*):

- (i) any Obligor:
 - (a) granting security other than permitted security;
 - (b) incurring financial indebtedness other than Permitted Financial Indebtedness;
 - (c) selling, transferring, lending, licensing or otherwise disposing of, or permitting the sale, transfer, licensing or other disposal by any subsidiary of any Obligor of, by one or more transactions (whether related or not), any of its material assets (including shareholdings, but excluding stock in trade) or selling or otherwise disposing of any of its assets to persons (other than to Obligor) on terms which would result in such assets being leased to or re-acquired by a member of the Securitisation Group, except in any such case for a Residential Letting or with the consent of the Security Trustee;
 - (d) the entry into, or permitting to subsist, any arrangement to sell or dispose of (or under which any person, except the Security Trustee, acquires or gains the right to acquire) any of the debts, goods or contracts of a member of the Securitisation Group which would have the commercial effect of factoring or discounting the underlying receivables or other income stream payable in respect of any such debts, goods or contracts;
 - (e) making any loans or granting any credit except for:
 - (i) trade credit extended on normal commercial terms in the ordinary course of trade;
 - (ii) loans made to any member of the Dignity Group in accordance with and under the terms of the inter-company loan regime;
 - (iii) loans made to employees of the Securitisation Group not exceeding an aggregate amount of £150,000 multiplied by CPI, at any time;
 - (iv) any permitted Restricted Payments in the form of loans; and
 - (v) loans to PQL ***provided that*** the maximum aggregate principal amount outstanding at any time does not exceed £200,000;
 - (f) giving any financial guarantee or bond except:
 - (i) under the Obligor Transaction Documents;
 - (ii) in respect of the Permitted Financial Indebtedness of any other Obligor; and
 - (iii) other limited exceptions.

For the avoidance of doubt, nothing in this covenant (f) will prevent an Obligor from indemnifying a contract counterparty under any contract permitted by the Obligor Transaction Documents in respect of compliance with its own employment obligations, the granting of a licence in respect of its own or a third party's intellectual property rights, the breach (or alleged breach) of its contractual or legal obligations, or the breach (or alleged) of a covenant under a lease provided certain conditions are met.

- (g) entering into:
 - (i) any hire purchase or finance leasing or capital leasing agreements (within the meaning of UK GAAP) other than in respect of non material leases of business equipment (including office equipment) entered into in the ordinary course of business; or
 - (ii) operating leases other than in respect of non material leases of business equipment (including office equipment) entered into in the ordinary course of business;
- (h) materially changing or discontinuing any business carried on by any member of the Securitisation Group (it will be agreed that this restriction will not be breached by any Obligor either (i) entering into a Permitted Operating Contract or (ii) engaging in permitted crematorium developments, in each case subject to and in accordance with the express terms of the Issuer/Borrower Loan Agreement);
- (i) making acquisitions, establishing business or entering into crematoria developments (other than permitted acquisitions and permitted developments under the terms of the Issuer/Borrower Loan Agreement or otherwise with the consent of the Security Trustee);
- (j) incorporating subsidiaries, or entering into new joint ventures (other than permitted joint ventures) or mergers, unless the Security Trustee consents (it will be agreed that this restriction will not be breached by an Obligor either (i) entering into a Permitted Operating Contract or (ii) engaging in permitted joint ventures, acquisitions or crematorium developments);
- (k) terminating any hedging arrangements (if any) at any time when there is no replacement hedging arrangement in place;
- (l) entering into non-arm's length transactions;
- (m) carrying on any trade or business through, or transferring any assets into, any of the Dormant Non-Party Companies, or allowing any Dormant Non-Party Company to incur any liabilities (other than statutory liabilities or liabilities arising as a result of transfers of assets required by a Transaction Document) unless such Dormant Non-Party Company has previously entered into a security document in form and substance satisfactory to the Security Trustee;
- (n) changing auditors except to any other firm of accountants of repute in the United Kingdom;
- (ii) Dignity plc, D2004, DH2, DHL, DML and Issuer Holdco carrying on any business or activity other than as envisaged in the securitisation and certain other subordinated debt documents, and acquiring any assets or owning any assets other than their shareholdings in, respectively, D2004, D2008 and DH3, DH2 and the Borrower, DHL, DML and its rights in respect of the DHL Non-Interest Bearing Loan and the Issuer (save that Dignity plc may also hold its benefit of the Dplc/D2008 Loans and be party to the Dplc/D2008 Guarantee, and hold the benefit of certain loans made to DFL pursuant to an Intra-Group Loan, DHL may also hold its benefit of the DHL Non Interest-Bearing Loan) and no shareholder of Dplc shall lend to any company other than Dplc, D2004, DH2, DHL, DML, D2008, D2011, DH3, DF3L or any Non-Obligor,

provided that there will be no restriction on:

- (a) the making of further loans by DHL to the Borrower under the DHL Non Interest-Bearing Loan;
- (b) the making of upstream loans and payment of dividends by a Guarantor to other Guarantors with the proceeds of permitted Restricted Payments received;

- (c) the making of a capital reduction by any member of the Dignity Group;
 - (d) the payment of dividends or making of distributions by Issuer Holdco to its members out of profits available for distribution in accordance with its memorandum and articles of association;
 - (e) the payment of dividends by Dignity plc to its shareholders;
 - (f) the issuance of new shares by Dignity plc;
 - (g) the purchase by Dignity plc out of distributable profits of any of its issued ordinary shares;
 - (h) the performance by Dignity plc of activities required to satisfy all applicable legal and listing rule requirements in connection with (f) and (g) above; and
 - (i) the incorporation or acquisition by Dignity plc of a new subsidiary as an additional Non-Obligor for the purpose of making or entering into any Permitted Non-Obligor Investment, *provided that* such new subsidiary will accede to the Issuer/Borrower Loan Agreement as a Non-Obligor and Dignity plc will grant security over its shares in such new subsidiary in favour of the Security Trustee;
- (iii) DS and D2014 carrying on any activity or incur any liabilities other than their shareholdings, loans from or other indebtedness owed to members of the Dignity Group and entry into the transaction
 - (iv) the Borrower carrying on any business or activity other than as envisaged in the Obligor Transaction Documents or owning any assets other than its shareholding in Dignity Services, save that, the Borrower may offset any subordinated loans which it has made or is making to DHL which themselves comprise or comprised Restricted Payments against existing loans from DHL to the Borrower *provided that* the Restricted Payments Condition is satisfied at the time of such offset, and such offset will not exceed the amount of such Restricted Payment;
 - (v) any Non-Obligor entering into any new lease of property with an Obligor (other than the leases in respect of the Mercia, Kidderminster and Shepton Mallet crematoria as permitted under the Issuer/Borrower Loan Agreement).

Additional Non-Obligors

Each additional Non-Obligor, by acceding to the Issuer/Borrower Loan Agreement will covenant that it shall and shall procure that each other Non-Obligor shall:

- (a) protect and maintain (and take no action which could foreseeably imperil the continuation of) the authorisations, franchises and contracts which are material and necessary for the conduct and continuation of the Non-Obligors' businesses substantially as presently conducted and procure that all material conditions attaching to them are complied with and that the Non-Obligors' businesses are carried on within their terms;
- (b) comply in all respects with all laws and regulations to which it is subject; and
- (c) comply with its obligations contained in the Non-Obligor Transaction Documents and not vary or waive the terms or terminate (or cancel any undrawn commitment under) any of the Non-Obligor Transaction Documents (other than amendments of waivers of a formal, minor or administrative or technical nature or as registered to correct a manifest error or is necessary or desirable for the purposes of clarification or those amendments or waivers that are permitted pursuant to the terms of the Non-Obligor Transaction Documents or the Ratings Test is satisfied).

Any Non-Obligor may also incorporate or acquire a new subsidiary as an additional Non-Obligor for the purpose of making or entering into any permitted acquisition and/or permitted

development activity in each case under the Issuer/Borrower Loan Agreement, ***provided that*** such new subsidiary will accede to the Issuer/Borrower Loan Agreement as a Non-Obligor.

Permitted Operating Contracts

Any Obligor or Non-Obligor may enter into any Permitted Operating Contract.

Covenants regarding the Provision of Financial Information

The Borrower shall deliver (a) to the Note Trustee and the Principal Paying Agents not later than 45 days following the financial quarters ending on 31 March and 30 September and not later than 90 days following the financial quarters ending 30 June and 31 December, and (b) to the Rating Agencies not later than 45 days following the end of each financial quarter, a report (the "**Investor Report**") in respect of the performance of the Securitisation Group for the 12 months up to the end of that quarter containing:

- (a) a consolidated net assets statement;
- (b) details of revenue, operating expenses and EBITDA for each of the funerals, crematoria and pre-arranged businesses;
- (c) the calculation of Free Cashflow Debt Service (including Debt Service by tranche), Free Cashflow debt service cover ratio, EBITDA debt service cover ratio and Portfolio EBITDA (supported by detailed calculations);
- (d) a statement whether the Financial Covenant has, in respect of such period, been met;
- (e) a statement whether the Restricted Payment Condition has been met in relation to each occasion on which a Restricted Payment has been made during such period;
- (f) a statement of the amount of expenditure on permitted crematoria developments in such period;
- (g) a statement of the amount credited to the Special Capex Account following the end of the last financial year and a calculation thereof;
- (h) details of all permitted acquisitions (including the consideration paid) and permitted disposals (where the net sale proceeds exceed £75,000 adjusted in accordance with the consumer price index from the Closing Date) made or entered into during such period, and details of other material changes to the assets of the Securitisation Group;
- (i) a statement whether a Loan Event of Default, a Potential Loan Event of Default or Financial Adviser Appointment Event (which has not previously been notified to the Note Trustee) has occurred and, if it has occurred, a description of such event and of the action taken or proposed to be taken to remedy it;
- (j) a statement as to the cumulative level of Capital Maintenance Expenditure spent in the then current calendar year and (if the last Investor Report was provided prior to the end of the last calendar year) as to the total amount of Capital Maintenance Expenditure spent in the last calendar year for each of the funerals and crematoria businesses;
- (k) a statement of the amounts standing to the credit of and the details of movements in:
 - (i) the Capex Reserve Account;
 - (ii) the Funeral Home Reserve Account;
 - (iii) the Crematorium Reserve Account;
 - (iv) the Principal Reserve Account;
 - (v) the Elective Capex Account;

- (vi) the Special Capex Account;
 - (vii) the Restricted Payments Account; and
 - (viii) the Upgrade Reserve Account;
- (l) a statement as to the level of the Obligor's Financial Indebtedness.

The Investor Report will be made available to the Noteholders on the Investor Website (as described above in "*Transaction Summary - Investor Website*"). The section of the Investor Report referred to in (a) - (d) above shall also be available on Bloomberg under "DIGFIN". The Investor Report will also be available for inspection by the Noteholders at the specified office for the time being of the Principal Paying Agent.

Additional Information to be Provided by the Borrower on an Annual Basis

The Borrower shall deliver to the Note Trustee and the Rating Agencies not later than 150 days following the end of each financial year, the following:

- (a) audited consolidated financial statements for the Securitisation Group and single company audited financial statements for each Marketing Company;
- (b) a reconciliation of the audited financial statements to certain of the information contained in the Investor Reports for such financial year;
- (c) a report addressed and delivered to the Issuer and the Note Trustee from the Dignity Group's auditors confirming that the financial information set out in the Investor Report on a 12 month cumulative basis for the last quarter of such financial year, as stated in items (a) to (l) above, has been accurately extracted from the Borrower's audited financial statements or underlying accounting records and that the calculations have been correctly performed;
- (d) a compliance certificate from the Borrower containing:
 - (i) a statement of the amount of all outstanding financial indebtedness owed by each Obligor as at the end of the financial year, together with a statement of aggregate financial indebtedness of the Securitisation Group;
 - (ii) a statement that all financial indebtedness owed by the Securitisation Group constitutes Permitted Financial Indebtedness under the terms of the Issuer/Borrower Loan Agreement;
 - (iii) a statement that the details of any material environmental claims (if any) required to be notified to the Note Trustee and the Rating Agencies under the Issuer/Borrower Loan Agreement have been notified;
 - (iv) a statement whether any breach of the Issuer/Borrower Loan Agreement has occurred which remains unremedied or which has not been waived in accordance with the provisions of the Issuer/Borrower Loan Agreement;
 - (v) a statement as to whether (i) PQL has total assets of £15 million x CPI or more, based on its latest audited financial statements or (ii) the portion of EBITDA (calculated from, or in, the latest audited consolidated financial statements in respect of the Securitisation Group) attributable to PQL was 5% or more; and
 - (vi) a statement that the price paid for any Permitted Acquisition completed during such financial year did not exceed the maximum permitted price (or, if it did, that the excess was funded from the sources of funds referred to in paragraphs (f)(i) to (iii) or (iv) in "*Permitted Acquisitions of businesses by Obligors*").

Upgrade Reserve Information

If at any time an Upgrade Event occurs, the Borrower will, at the time it provides the information referred to in "*Additional Information to be Provided by the Borrower on an Annual Basis*" above, deliver to the same parties an annual update as to: (i) the likely level and timing of any required capital expenditure in respect of the Crematoria Upgrades (as defined in "*Crematoria Upgrades*" above); and (ii) the adequacy of any projected additional revenues to fund when required the capital cost of any Crematoria Upgrades. Such update is to be supported by input from the environmental consultants retained as to the likely capital cost and the timing of it being incurred. In addition, within 45 days after each quarter date falling after the relevant Upgrade Event, the Borrower shall supply to the same parties an update as to the balance on the Upgrade Reserve Account.

Other Information made available by the Borrower

The Borrower will make the following additional information available to the Note Trustee and the Rating Agencies, promptly upon such information becoming available:

- (a) details of litigation which, if adversely determined, could result in a liability to the Securitisation Group and/or a diminution in the value of the assets of the Securitisation Group in excess of £500,000;
- (b) copies of any actuarial reports and other reports on pensions which may be commissioned by the Obligors;
- (c) material environmental and health and safety notices and crematoria upgrade requirements; and
- (d) copies of any reports on the value of pre-arranged funeral trust investments which may be commissioned by the Obligors and of the annual actuarial valuation carried out in respect of each of the Trusts.

Pensions Covenants

The Issuer and each of the Obligors and, with reference to paragraphs (a), (b), (c) and (e) below, Dignity plc and each Non-Obligor, undertake:

- (a) to promptly notify the Note Trustee and the Security Trustee of the receipt of any financial support direction, contribution notice or other notice from the Pensions Regulator pursuant to the Pensions Act 2004;
- (b) not to do anything or take any action that might give rise to a contribution notice being issued to it, the Issuer or any Obligor without having obtained a clearance statement issued by the Pensions Regulator under section 42 of the Pensions Act 2004 in respect of such thing or act;
- (c) to ensure that, with the exception of the Dignity Pension and Assurance Scheme, no member of the Dignity Group will at any time be an employer (for the purposes of sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are defined for the purposes of sections 39 or 43 of the Pensions Act 2004) such an employer;
- (d) promptly notify the Note Trustee and the Security Trustee if any employer within the Dignity Group participating in a pensions scheme is or becomes "insufficiently resourced" within the meaning of the Pensions Act; and
- (e) that it will continue to make contributions as required in accordance with any schedule of contributions which may be agreed, from time to time, pursuant to Section 227 of the Pensions Act 2004, and that no action or omission shall be taken by any member of the Dignity Group in relation to the Dignity Pension and Assurance Scheme which has or is reasonably likely to have a Material Adverse Effect (including, without limitation, any

action or omission which leads to or is reasonably likely to lead to debt becoming due under Section 75 of the Pensions Act 1995).

Investor Presentations

The Obligors will arrange an informal presentation for investors covering the financial performance of the Securitisation Group once in each calendar year (after the calendar year 2014).

Financial Adviser Appointment Event

The following will constitute a Financial Adviser appointment event (a "**Financial Adviser Appointment Event**");

- breach of the Financial Covenant; or
- failure to spend, by way of Capital Maintenance Expenditure, more than 90% of the Minimum Capex Maintenance Amount for that calendar year (*provided that* the incurring of Capital Maintenance Expenditure in the relevant year will be treated as spending it for these purposes provided the Capex Reserve Account is credited with any shortfall); or
- breach of the Working Capital Clean-up Covenant.

Consequences of a Financial Adviser Appointment Event

Financial Adviser Appointment Events do not result immediately in an acceleration of the Issuer/Borrower Loan and do not entitle the Security Trustee immediately to enforce the security, but do result in:

- (a) a prohibition on the payment of Restricted Payments, requiring excess cash from the Borrower Pre-Enforcement Priority of Payments (on the assumption that the Restricted Payment Condition had otherwise been satisfied in full) to be transferred to and held in the Principal Reserve Account; and
- (b) the Note Trustee becoming entitled (at the Borrower's expense) to appoint a financial adviser to prepare a report within 30 days of his appointment to outline the financial status of the Obligors and in certain circumstances to make recommendations as to whether the breach is capable of remedy and, if it is, what action should be taken to remedy the breach. If the financial adviser has recommended to the Note Trustee that the Obligors are likely to be able to remedy such breach, the Obligors will remedy such breach. Remedy will be by means of:
 - (i) in the case of a breach of the Financial Covenant, the placing (within 45 days of the breach occurring) of cash collateral (funded by equity or fully subordinated loan) in an amount which, if it had been so credited for the 12 months in respect of which the Financial Covenant was breached, would have generated interest sufficient to have ensured that, had such interest been available to the Obligors as earnings on the last day of the period in respect of which the Financial Covenant was tested, the Financial Covenant would not have been breached; or
 - (ii) in the case of a failure both (a) to spend, by way of Capital Maintenance Expenditure, more than 90% of the Minimum Capex Maintenance Amount within a calendar year and (b) to credit the shortfall to the Capex Reserve Account by the year end, the spending of Capital Maintenance Expenditure within the following six months in such amounts as will ensure that, were the year in respect of which the failure occurred to be treated as ending at the end of such period of six months, the failure would not occur (the relevant remedial expenditure to be treated as incurred in the relevant year in respect of which the initial failure to incur more than 90% of the Minimum Capex Maintenance Amount arose for the purpose of the following year's Minimum Capex Maintenance Amount); or

- (iii) in the case of a breach of the Working Capital Clean-up Covenant, the repayment of the Working Capital Facility in full and not redrawing thereunder for at least five business days before the expiry of three months following the end of the relevant half of the relevant calendar year; or
- (iv) in any case, taking such other action over such period of time as the Note Trustee may (based on its financial adviser's recommendations) require.

No cash collateral referred to in (i) above shall be withdrawn until the Restricted Payment Condition is satisfied without reliance on any of such cash collateral. Released cash collateral will not need to pass through the Loan Payments Account.

Any financial adviser appointed pursuant to the Issuer/Borrower Loan Agreement shall stay in office until such date as he is satisfied that the Financial Adviser Appointment Event in respect of which he was appointed has been remedied in accordance with the provisions set out above. In the case of (i) above, such remedy shall include the satisfaction of the Financial Covenant without reliance on the cash collateral, mentioned above.

Loan Events of Default

The following are the principal Loan Events of Default. In some cases they may only constitute a Loan Event of Default if they have, or are reasonably expected to have, a Material Adverse Effect or may only constitute a Loan Event of Default after certain grace periods have elapsed.

- (a) failure by the Borrower to pay interest, principal and other amounts within two business days of the due date;
- (b) service of a note enforcement notice following the occurrence of a note event of default;
- (c) materially incorrect representation by any of the Dignity companies;
- (d) the failure to remedy a Financial Adviser Appointment Event by the end of the period permitted for such remedy;
- (e) failure by any Dignity company to comply with the restrictions on Restricted Payments, the giving of security, the incurring of financial indebtedness, the making of disposals, the termination of hedging, the making of loans, the giving of guarantees, material changes of business, the acquisition of businesses, the acquiring of subsidiaries, the entering into of joint ventures or material transactions otherwise than on arm's length terms, the employment of Dormant Companies in the business and the failure to comply with the information undertakings, the provisions of the Tax Deed of Covenant or the further assurance provisions of the Debenture;
- (f) breach by a Dignity Company of other provisions of the Obligor Transaction Documents (other than the Financial Covenant, the minimum capital maintenance expenditure provision and the Working Capital Clean-up Covenant) having or likely to have a Material Adverse Effect and which is not remedied within 15 Business Days of the relevant Obligor becoming aware of such breach or being notified of it by the Note Trustee;
- (g) failure by any Obligors to discharge financial indebtedness;
- (h) suspension in respect of any Obligor of business or expropriation of substantial part of assets;
- (i) inability to pay debts or the declaration of a moratorium in respect of any Obligor;
- (j) distress, attachment, diligence, sequestration or execution to recover a debt of at least £1,000,000 in respect of any Obligor;
- (k) winding-up and analogous events in respect of any Obligor;

- (l) (illegality of performance or repudiation by any member of the Dignity Group of its obligations or such obligations ceases to be legal, valid and binding;
- (m) any event having a Material Adverse Effect;
- (n) repudiation of any Obligor Transaction Document;
- (o) qualification of auditors' report so as to cast doubt on the accuracy of any audited accounts of any member of the Dignity Group (other than a Dormant Company or a Non-Obligor) or on the ability of the relevant company to continue as a going concern;
- (p) rescission of Obligor Transaction Documents or breach by any vendor, rescission, overturn or reversal of any documents relating to the Permitted Acquisition which has a material adverse effect;
- (q) any Obligor ceases to be wholly owned by the Borrower, directly or indirectly; and
- (r) refusal by an Obligor to implement recommendations of a financial adviser appointed by the Note Trustee or such financial adviser determining that the Obligors are unlikely to be able to remedy the relevant Financial Adviser Appointment Event.

Consequences of a Loan Event of Default

The occurrence of a Loan Event of Default will entitle the Note Trustee to serve a notice (a "**Loan Enforcement Notice**") entitling the Note Trustee to instruct the Security Trustee to enforce security (including the blocking of all Obligor accounts) and/or accelerating the Issuer/Borrower Loan. If the Loan Enforcement Notice does not accelerate the Issuer/Borrower Loan, the Borrower Post-Enforcement Pre-Acceleration Priority of Payments will apply and a further notice may at any time thereafter while the Loan Event of Default is subsisting be sent to the Borrower accelerating the Issuer/Borrower Loan. If the Issuer/Borrower Loan is in either case accelerated, the Borrower Post-Enforcement Post-Acceleration Priority of Payments will apply.

Acceleration of Issuer/Borrower Loan

If the Notes have been accelerated pursuant to a Note Enforcement Notice, the Issuer/Borrower Loan will be accelerated.

Governing Law

The Issuer/Borrower Loan Agreement and any non-contractual obligations arising thereunder are governed by English law.

Note Trustee and Security Trustee Consents

The Note Trustee and the Security Trustee, when considering whether specified conditions of consent referred to in the Issuer/Borrower Loan Agreement have been satisfied, shall be entitled to rely on whatever certification, opinions and reports as to them shall seem fit. In addition, the Issuer/Borrower Loan Agreement in many instances makes it clear that factual conditions will be certified by the Obligors and that they may rely on such certifications without further investigation.

Glossary of Issuer/Borrower Loan Agreement Defined Terms

"Acquisition Agreement" means any acquisition agreement entered into by an Obligor in connection with a Permitted Acquisition.

"Acquisition Loan Notes" means loan notes that may after the Closing Date be issued by Obligors in favour of vendors in respect of Permitted Acquisitions where such loan notes are intended to represent the vendors' claims for an unpaid portion of the acquisition price, to the extent not set off against warranty claims against the vendors.

"Allocated Debt Amount" means:

in relation to a crematorium disposal:

$$\frac{\text{CremAsset EBITDA}}{\text{Portfolio EBITDA}} \times \text{Debt}$$

or, in relation to any EBITDA generating asset other than a crematorium disposal:

$$\frac{\text{Asset EBITDA}}{\text{Portfolio EBITDA}} \times \text{Debt}$$

"Approved Bank" means RBS, in respect of certain operating accounts, an alternative bank which has the rating set out in this definition and in contemplation of which the Rating Agencies have affirmed the current ratings of the Notes or any other bank agreed with the Borrower and the Security Trustee (*provided that*, in any case, the bank in question has a rating of at least the Minimum Long-Term Rating);

"Asset EBITDA" means, in relation to any proposed disposal or acquisition of any asset, business or company, the EBITDA or Non-Obligors EBITDA (as the case may be) attributable to such asset, business or company for the Calculation Period;

"Bereavement Services Contract" means a contract between an Obligor or a Non-Obligor and a local authority in the United Kingdom for the provision of bereavement services (including but not limited to the provision of any management, administration, refurbishment, operation or maintenance services) for the benefit of a crematorium, funerals home or any similar business legally or beneficially owned by the relevant local authority.

"Calculation Period" means the most recent twelve month period prior to the date of the proposed disposal or acquisition for which Financial Information is available or can readily be assembled.

"Capital Maintenance Expenditure" means the maintenance, replacement or repair of the assets used by the Obligors in their businesses including any payments in respect of vehicle leases (which expenditure would properly be treated as capital expenditure in accordance with the usual accounting policies of the Obligors).

"Cash Administrator" means DFL or any replacement Cash Administrator appointed by the Security Trustee in clause 7 (*Appointment and Duties of Cash Administrator*) of the Obligor Cash Administration Agreement.

"Cash Interest" means in relation to the Obligors for any Relevant Period the aggregate of:

- (a) senior interest falling due and payable during the Relevant Period;
- (b) interest, commitment fees and other fees on any other Financial Indebtedness falling due and payable during that Relevant Period (including the interest element of finance leases);
- (c) the accrued interest element of any purchase price paid by the Borrower in respect of a market purchase during the Relevant Period; and
- (d) consideration given by the Obligors during that period, whether by way of discount or otherwise, in connection with any acceptance credit, bill discounting, debt factoring or other like arrangement,

and adjusted to:

- (i) deduct any such interest or consideration payable by one Obligor to another Obligor (to the extent not already netted out on consolidation); and
- (ii) deduct other interest income received.

"Closing Date" means 17 October 2014.

"CPI" means in respect of any period for which a multiplier of any amount is to be calculated, the quantum of the Consumer Prices Index most recently published by the Office of National Statistics or any successor agency or index as at the start of that period divided by the quantum of the Consumer Prices Index most recently so published as at Closing Date.

"CremAsset EBITDA" means in respect of any disposal of a crematorium, the Asset EBITDA in respect of such crematorium for the twelve month period ending on the Quarter End Date preceding the date of the proposed disposal;

"Crematorium Development" means:

- (a) in relation to an Obligor or Additional Obligor or any subsidiary of an Obligor or Additional Obligor (in particular for the purpose of Clause 17.3 (*Permitted Crematorium Development by Obligors*)) and the definition of a **"Permitted Obligor Crematorium Development"** any activity involving expenditure in relation to the construction or development of a Property as a Crematorium Property in the UK (including any acquisition of land in the UK for the purpose of constructing a crematorium or developing a Crematorium Property) or the obtaining of permissions, consents, licenses or property interests in relation thereto; and
- (b) in relation to a Non-Obligor or Additional Non-Obligor or any subsidiary of a Non-Obligor or Additional Non-Obligor (in particular for the purpose of the definition of a "Non-Obligor Investment") any activity involving expenditure in relation to the construction or development of a Property as a Crematorium Property in the UK and/or outside the UK (including any acquisition of land in the UK and/or outside the UK for the purpose of constructing a crematorium or developing a Crematorium Property) or the obtaining of permissions, consents, licenses or property interests in relation thereto.

"Crematorium Operations Contract" means a contract entered into by an Obligor or a Non-Obligor for the operation only of a crematorium in the UK, *provided that* such Obligor or Non-Obligor (i) is entitled to terminate such contract and all related contracts without penalty if the business constituted by the operation of that crematorium becomes commercially unviable and/or (ii) has absolute discretion to set the fee for the service it provides.

"Crematorium Property" means a Property on which a crematorium exists or a Property comprising a crematorium.

"D2008 Guaranteed Obligations" means all of the liabilities of D2008 to RBS of any kind and in any currency in respect of interest, bank charges, commissions and expenses pursuant to the RBS Loans (including interest and bank charges following the date of any demand pursuant to the terms of the Dplc/D2008 Guarantee).

"Debt" in relation to a proposed disposal means the principal amount outstanding under the Issuer/Borrower Loan on the date of the proposed disposal less the balance standing to the credit of the Principal Reserve Account as at the relevant date;

"Debt Service" means, in respect of the Obligors and any Relevant Period, the aggregate of:

- (a) Cash Interest in respect of such Relevant Period;
- (b) the scheduled repayments falling due and payable under the Issuer/Borrower Loan Agreement during such Relevant Period (including any element of the purchase price for a Market Purchase of Notes which represents a scheduled amortisation amount falling due under the relevant Notes corresponding to a scheduled repayment under the Issuer/Borrower Loan Agreement which would have been payable during the Relevant Period but for the Market Purchase pro rated to the date of the Market Purchase); and
- (c) any other repayments of Financial Indebtedness of the Obligors falling due and payable in that Relevant Period, excluding (i) any principal amount which fell due under any overdraft, working capital or revolving credit facility and which was available for

simultaneous redrawing according to the terms of such facility or a similar facility, (ii) any prepayment under the Issuer/Borrower Loan Agreement, (iii) any part of the principal outstanding under the DHL Non-Interest Bearing Loan and (iv) any amounts which fell due in respect of any Financial Indebtedness owed by any Obligor to any member of the Dignity Group subject to and in accordance with the inter-company loan regime and (v) any principal amount which fell due or interest payable in respect of any Liquidity Reserve Drawing,

but shall exclude certain items as further set out in the Issuer/Borrower Loan Agreement.

"Dignity Intra Group Loan" means a new or existing loan or grant of credit made by any member of the Dignity Group to any other member of the Dignity Group.

"Dormant Company" means any Dormant Obligor, Dormant Non-Party Company or Dormant Non-Obligor.

"Dormant Non-Obligor" means any Non-Obligor (including any Additional Non-Obligor which has acceded to the Issuer/Borrower Loan Agreement as a Non-Obligor) which is Dormant or has become dormant (as defined in section 1169 of the Companies Act 2006) after the date of the Issuer/Borrower Loan Agreement.

"Dormant Non-Party Company" means each subsidiary of Dignity plc which is not party to the Obligor Transaction Documents and is dormant (within the meaning of section 1169 of the Companies Act 2006) (which companies are listed in Part 4 of Schedule 6 (*Group Structure*) of the Issuer/Borrower Loan Agreement).

"Dormant Obligor" means the companies listed in Part 4 of Schedule 6 (*Group Structure*) of the Issuer/Borrower Loan Agreement and any other Obligor (including any Obligor which has acceded to the Issuer/Borrower Loan Agreement as an Obligor) which has become dormant (as defined in section 1169 of the Companies Act 2006) after the date of the Issuer/Borrower Loan Agreement.

"Dplc/D2008 Guarantee" means the guarantee given by Dignity plc (on a limited recourse and non-petition basis) in favour of National Westminster Bank Plc dated 27 February 2013 guaranteeing the D2008 Guaranteed Obligations or, as the case may be, any such guarantee given by Dignity plc (on a limited recourse and non-petition basis, and otherwise on substantially the same terms as the Dplc/2008 Guarantee) to any External Lender in respect of any Refinanced RBS Loan.

"Dplc/D2008 Loans" means:

- (a) the subordinated loan made available by Dignity plc to D2008 in the amount of £6,000,000 dated 24 November 2008 in connection with the Mercia Crematoria (of which approximately £4,500,000 was drawn on or about the date of execution thereof);
- (b) the subordinated loan made available by Dignity plc to D2008 in the amount of approximately £3,000,000 in connection with the Shepton Mallet Crematorium; and
- (c) the subordinated loan made available by Dignity plc to D2008 in the amount of approximately £3,000,000 in connection with the Kidderminster Crematorium.

in each case in respect of which Dignity plc's rights to repayment are subordinated to the rights of RBS on the terms and to the extent set out in the RBS Loans.

"Dplc/Non-Obligor Loans" means any subordinated loan made available by Dignity plc to any Non-Obligor including loans in respect of which Dignity plc's rights to repayment are subordinated to the rights of the relevant External Lender (if any) providing an External Loan (if any) to such Non-Obligor on the terms and to the extent set out in the relevant External Loan contractual documents.

"EBITDA" means, in respect of the Obligors, for any Relevant Period or any other 12 month period, the consolidated profits of the Obligors on ordinary activities (before the deduction of interest and Tax for that period):

- (a) excluding extraordinary or non operating exceptional items under UK GAAP and excluding any gain or loss realised on the disposal of assets (other than trading stock) and investments whether tangible or intangible, but not so that any amount is excluded twice;
- (b) excluding to the extent otherwise included, interest accrued and owing to an Obligor;
- (c) adding back all depreciation, amortisation and other non cash charges;
- (d) deducting any profit arising out of release of provisions for liabilities and charges, other than in the normal course of business and in accordance with the relevant accounting policies of the Dignity Group;
- (e) excluding any share of the profits of associated companies;
- (f) excluding the non cash effects of FRS17 (or any subsequent accounting standard adopted in the UK and utilised by the Obligors for the purposes of accounting for retirement benefit obligations);
- (g) excluding any Surpluses received or receivable by any Obligor from any of the Trusts but including any operating profits or losses of the Marketing Companies;
- (h) adding back all transaction costs relating to the Obligor Transaction Documents and the issuance of the Notes in whatever years reflected in consolidated profits, including but not limited to any transaction costs incurred in connection with any Permitted Acquisition and Permitted Developments by Obligors; and
- (i) adding back, in each case to the extent treated as an expense, any pension top up contribution paid by DFL, in each case to the extent such contribution is made as a result of an Advance, and;

adding back amounts relating to certain items as further set out in the Issuer/Borrower Loan Agreement, all (save for (f) above) in accordance with UK GAAP ***provided that:*** (i) for the purposes of the definition of Asset EBITDA, EBITDA will be calculated in accordance with the foregoing (but excluding irrelevant items) for the asset, company or business to be acquired or disposed of; and (ii) if any cash collateral is placed as a result of a Financial Adviser Appointment Event, the interest earned on, and retained as part of, such cash collateral over any Relevant Period or part thereof shall be included in EBITDA for such Relevant Period or part and the amounts of any interest deemed to have accrued prior to its placement pursuant that Financial Adviser Appointment Event shall be included in EBITDA.

"EBITDA debt service cover ratio" for any Relevant Period means the ratio of (i) EBITDA for the Relevant Period to (ii) Debt Service for the period of 12 months ending on the Loan Payment Date immediately preceding the end of such Relevant Period.

"Elective Capex Account" means a segregated account opened in the name of the Borrower with RBS and designated with account number 50062743.

"External Lender" means any bank or financial institution.

"External Loan" means any loan made available by an External Lender to any Non-Obligor, including, without limitation, in connection with a Permitted Non-Obligor Acquisition and/or Permitted Non-Obligor Crematorium Development and/or Permitted Non-Obligor Funeral Home Start Up and/or a Permitted Investment by a Non-Obligor and/or a Permitted Loan by a Non-Obligor.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, credit sale, conditional sale agreement or hire purchase contract which would, in accordance with the Accounting Policies, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Financial Information" means any of, or any combination of, the following financial information relating to any company or business to be acquired or disposed of:

- (a) audited accounts prepared by or on behalf of such company or business; and/or
- (b) unaudited accounts and/or management accounts if prepared by or on behalf of such company or business; and/or
- (c) any other financial information prepared by or on behalf of such company or business, reviewed by the Obligor or Non-Obligor, as the case may be, having carried out prudent due diligence during the relevant acquisition or disposal process,

provided that for each of (a)-(c) above, for the purpose of making any relevant determination pursuant to the Issuer/Borrower Loan Agreement (i) such financial information represents the most recent financial information available in relation to such company or business for the relevant period prior to the proposed acquisition or disposal, (ii) such financial information, or combination thereof, is sufficient for the purposes of the Obligor or Non-Obligor, as the case may be, making the applicable determination and (iii) if the most recent financial information available for such period includes audited accounts in accordance with sub-clause (a) above and/or unaudited accounts and/or management accounts in accordance with sub-clause (b) above, prudent financial due diligence undertaken by the Obligor or Non-Obligor, as the case may be, during the relevant acquisition or disposal process has not indicated anything that is materially inconsistent with the content of such accounts.

"Free Cashflow" for any Relevant Period means EBITDA for that period after:

- (a) deducting the amount of all provisions released and adding back all provisions charged, in each case if included in establishing EBITDA for such period except to the extent such provisions are in Working Capital;
- (b) deducting (i) the Minimum Capex Maintenance Amount and (ii) amounts paid into the Upgrade Reserve Account from operating accounts;

- (c) deducting amounts paid in cash or falling due for payment in respect of Tax (excluding any Tax arising as a result of a permitted disposal or with any Surplus received from any of the Trusts) during such period; and
- (d) adding back the amount of any Tax credit or rebate in respect of any income tax, corporation tax or withholding tax (or their equivalents in any jurisdiction) actually received in cash during such period by an Obligor.

"Free Cashflow debt service cover ratio" for any Relevant Period means the ratio of (i) Free Cashflow for that period to (ii) Debt Service for the period of 12 months ending on the Loan Payment Date immediately preceding the end of such Relevant Period.

"Hedging Banks" means any bank, financial institution, trust, fund or other entity which becomes a party to a Hedging Document, in its capacity as provider of hedging facilities to any of the Obligors, as may be contemplated in the Security Trust Deed.

"Hedging Document" means each master agreement, confirmation or other document evidencing any hedging facility provided by a Hedging Bank to an Obligor.

"Kidderminster Crematorium" means the crematorium constructed at the Kidderminster Site.

"Kidderminster Crematorium Lease" means the lease entered into between DCL or DCL2 and DFL in respect of the Kidderminster Crematorium.

"Kidderminster Site" means the land at the former Oldington Farm, Minister Road, Stourport on Severn, near Kidderminster, Worcestershire, forming the whole of the land registered at the Land Registry with Title Numbers WR112875 and HW180718 Kidderminster.

"Liquidity Facility Agreement" means the liquidity facility agreement between the Liquidity Facility Provider and the Issuer dated the Initial Securitisation Date (as supplemented, amended and/or amended and restated from time to time).

"Liquidity Facility Provider" means The Royal Bank of Scotland plc acting as agent for National Westminster Bank Plc, acting through its office at West Midlands Corporate Office, 5th Floor, 2 St Phillips Place, Birmingham, B3 2RB, or such other entity or entities appointed as liquidity facility provider from time to time, subject to and in accordance with the terms of the Liquidity Facility Agreement.

"Liquidity Reserve Drawing" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement.

"Marketing Companies" means each of Dignity Securities Limited, Dignity Pre Arrangement Limited and Advance Planning Limited.

"Material Adverse Effect" means an event or circumstance which (when taken alone or together with any then prevailing event or circumstance) constitutes an adverse change in the assets, financial or trading position of the Obligors as a whole of such significance that:

- (a) the Borrower might reasonably be expected to be unable to perform fully and punctually any of its payment obligations under the Issuer/Borrower Loan Agreement; or
- (b) the Obligors might reasonably be expected to be unable to comply with the Financial Covenant; or
- (c) any term of the Issuer/Borrower Loan Agreement might reasonably be expected to cease being legal, valid or binding or, subject to the reservations therein, enforceable.

"Mercia Crematoria" means each of the crematoria at Bishop Auckland, Braintree, Bury, Chorley and Newark owned by DCL or DC2L.

"Minimum Capex Maintenance Amount" means (a) in respect of the calendar year 2014, £10,000,000 and in respect of subsequent calendar years £10,000,000 multiplied by CPI, or (b)

such lesser amount as may be approved by the Note Trustee, such approval to be granted upon receipt of a rating affirmation.

"Non-Obligor" means each of DCL, DC2L, D2008, D2011, DH3 and DF3L and any other company which accedes to the Issuer/Borrower Loan Agreement as a Non-Obligor;

"Non-Obligor Charges" means, in relation to any Non-Obligor, any legal charge (or in the case of land located outside of England and Wales any equivalent security interest) granted by such Non-Obligor over land and/or over associated assets acquired, developed, established and/or leased by such Non-Obligor in connection with a Permitted Non-Obligor Acquisition and/or Permitted Non-Obligor Crematorium Development and/or Permitted Non-Obligor Funeral Home Start-Up.

"Non-Obligor Crem Management Agreement" means in relation to any Non-Obligor, any crematorium management agent entered into by such Non-Obligor in connection with a Permitted Non-Obligor Cremation Development.

"Non-Obligor Development Agreement" means, in relation to any Non-Obligor, any development agreement entered into by such Non-Obligor in connection with a Permitted Non-Obligor Crematorium Development.

"Non-Obligor Guaranteed Obligations" means, in relation to any Non-Obligor, all of the liabilities of such Non-Obligor to any External Lender of any kind and in any currency in respect of interest, bank charges, commissions and expenses pursuant to the External Loans provided by such External Lender to such Non-Obligor (including interest and bank charges following the date of any demand pursuant to the terms of the relevant Dplc/Non-Obligor Guarantee), and all as more particularly described therein or, as the case may be, any liabilities of such Non-Obligor guaranteed by Dplc to any External Lender pursuant to the terms of any Non-Obligor Security Documents in respect of any Refinanced External Loan.

"Non-Obligor Inter-company Loan" means, in relation to any Non-Obligor, any inter-company loan from such Non-Obligor to another Non-Obligor.

"Non-Obligor Investment" means to:

- (a) enter into, invest in or acquire or subscribe for shares or other interest in a joint venture entity (whether a body corporate, joint venture or partnership or any other entity) or other similar entity with any person who is not a Non-Obligor, in the United Kingdom and/or outside the United Kingdom; and/or
- (b) enter into or incur any liability in connection with any joint venture entity (whether a body corporate, joint venture or partnership or any other entity) or other similar entity or arrangement with any person who is not a Non-Obligor, for the joint establishment and/or development of any business, the sharing of any assets (including Property), and/or the sharing of revenues derived from any business, in the United Kingdom and/or outside the United Kingdom; and/or
- (c) invest in or acquire or subscribe for any shares or interests in a business (and/or the assets of such business), a body corporate or partnership or other similar entity or arrangement or acquire any assets (including Property) either on its own or with any person who is not a Non-Obligor, in the United Kingdom and/or outside the United Kingdom (each of the entities described in sub-paragraphs (a)-(c) above, each a **"Connected Entity"**); and/or
- (d) make a Non-Obligor Loan; and/or
- (e) acquire a Permitted Company or Permitted Holding Company (a **"Non-Obligor Acquisition"**); and/or
- (f) acquire a Property (including without limitation a Crematorium Property and a Short Leasehold Crematorium); and/or

- (g) enter into and carry out a Crematorium Development; and/or
- (h) establish a Funeral Home Start-Up.

"Non-Obligor Loan" means any loan or grant of credit by made a Non-Obligor to a person other than an Obligor or a Non-Obligor which shall be on arm's length terms.

"Non-Obligor Security Document" means, in relation to any Non-Obligor, any Dplc/Non-Obligor Guarantee, any Non-Obligor Charge, any fixed and floating legal charges (or in the case of any assets or undertakings located outside of England and Wales any equivalent security interest) from such Non-Obligor in respect of all of its assets and undertakings (**"Non-Obligor Debentures"**), any unlimited inter-company composite guarantee from such Non-Obligor in respect of its obligations under any External Loan the Non-Obligor Subordination Deeds and any equivalent documents entered into by Dplc or such Non-Obligor to secure their respective obligations in respect of any Refinanced External Loan provided to such Non-Obligor.

"Non-Obligor SPA" means, in relation to any Non-Obligor, any sale and purchase agreement entered into by such Non-Obligor relating to the sale and/or purchase of the entire issued share capital of such Non-Obligor

"Non-Obligor Subordination Deed" means, in relation to any Non-Obligor, (a) any subordination deed from such Non-Obligor to an External Lender, by which such Non-Obligor has agreed not to repay any Dplc/Non-Obligor Loan provided by Dplc to such Non-Obligor until such time as any and all External Loans provided by an External Lender to such Non-Obligor have been fully repaid or (b) any equivalent document by which such Non-Obligor will agree with an External Lender in respect of any Refinanced External Loan not to repay any Dplc/Non-Obligor Loan provided to such Non-Obligor until such External Lender has been fully repaid.

"Non-Obligors EBITDA" means, in respect of the Non-Obligors, for any Relevant Period or any other 12 month period, the sum of the profits of the Non-Obligors on ordinary activities (before the deduction of interest and Tax for that period):

- (a) excluding extraordinary or non operating exceptional items under UK GAAP and excluding any gain or loss realised on the disposal of assets (other than trading stock) and investments whether tangible or intangible, but not so that any amount is excluded twice;
- (b) excluding to the extent otherwise included, interest accrued and owing to any Non-Obligor;
- (c) adding back all depreciation, amortisation and other non cash charges;
- (d) deducting any profit arising out of release of provisions for liabilities and charges, other than in the normal course of business and in accordance with the Accounting Policies of the relevant Non-Obligor;
- (e) excluding any share of the profits of associated companies;
- (f) excluding the non cash effects of FRS17 (or any subsequent accounting standard adopted in the UK and utilised by the Non-Obligors for the purposes of accounting for retirement benefit obligations);
- (g) adding back all transaction costs relating to the Non-Obligor Transaction Documents (including but not limited to any transaction costs incurred in connection with any Permitted Investments by Non-Obligors (including where consent for such activity is obtained in accordance with Clause 37 (*Security Trustee and Note Trustee*) of the Issuer/Borrower Loan Agreement);
- (h) adding back, in each case, to the extent treated as an expense, any pension top-up contribution paid by a Non-Obligor,

all (save for paragraph (f) above) in accordance with UK GAAP ***Provided that*** for the purposes of the definition of Asset EBITDA, Non-Obligors EBITDA will be calculated in accordance with the foregoing (but excluding irrelevant items) for the company or business to be acquired, developed and/or leased.

"Non-Obligor Transaction Documents" means, in relation to any Non-Obligor, the Issuer/Borrower Loan Agreement, the Tax Deed of Covenant, any External Loans or, as the case may be, any Refinanced External Loan, any Dplc/Non-obligor Loans, any Dignity Intra Group Loan to which a Non-Obligor is a party, any Non-Obligor Loan, any Non-Obligor Security Documents, any Non-Obligor Cash Management Agreement, any Non-Obligor SPA, any Non-Obligor Development Agreement, any Additional Documents, and any agreement to amend, vary or supplement any of such documents, to which (in each case) such Non-Obligor is a party.

"Obligor Cash Administration Agreement" means the obligor cash administration agreement and account bank agreement dated 11 April 2003 between *inter alios* the Obligors, the Security Trustee and the Cash Administrator, as amended and restated from time to time.

"Obligor Secured Creditors" means (a) the Security Trustee (for itself and for and on behalf of the other Obligor Secured Creditors), (b) the Hedging Bank (if any) (c) the Working Capital Facility Provider, (d) the Issuer, (e) the Cash Administrator, so long as it is not a member of the Securitisation Group, (f) the Obligor Account Bank, (g) any Receiver (as defined in the Debenture) appointed under the Debenture, and any such other creditor who may accede to the Security Trust Deed from time to time in accordance with the terms thereof and is designated as an Obligor Secured Creditor (as defined in the Security Trust Deed).

"Obligor Transaction Documents" means the Issuer/Borrower Loan Agreement, the Borrower Security Documents, the Hedging Documents (if any), the Working Capital Facility Agreement, the Obligor Cash Administration Agreement, the Tax Deed of Covenant, the Operating Account Loans Amendment Agreement, the Operating Account Loans Novation Agreement, any Additional Documents any agreement to amend, vary or supplement any such document.

"Peace of Mind Funeral Trusts" means the Peace of Mind Funeral Trust 1995 and the Peace of Mind Funeral Trust 2005.

"Permitted Business" means:

- (a) in relation to an Obligor or Additional Obligor or any subsidiary of an Obligor or Additional Obligor, the provision of funerals, cremations and burial plots and related services (including, but not limited to, the sale of pre-arranged funeral plans, the sale of cremation or funeral memorials, the provision of wills, probate and similar legal services) and the sale of customer data deriving from or relating to such businesses to third parties in the United Kingdom; and
- (b) in relation to a Non-Obligor or Additional Non-Obligor or any subsidiary of a Non-Obligor or Additional Non-Obligor and the definition of "Non-Obligor Investment") the provision of funerals, cremations and burial plots and related services (including, but not limited to, the sale of pre-arranged funeral plans, the sale of cremation or funeral memorials, the provision of wills, probate and similar legal services) and the sale of customer data deriving from or relating to such businesses to third parties in the United Kingdom and/or outside the United Kingdom.

"Permitted Financial Indebtedness" means in respect of an Obligor, financial indebtedness:

- (a) under the Issuer/Borrower Loan Agreement, the Working Capital Facility Agreement and a £350,000 open credit facility with an Approved Bank to cover arrangements to cash cheques and the Hedging Documents (if any);
- (b) under any conditional purchase, hire purchase, finance lease or capital lease permitted under the Issuer/Borrower Loan Agreement;
- (c) under any direct debiting facility operated by the Bankers Automated Clearing Services Limited ("BACS") facility provided by an Approved Bank;

- (d) under the netting arrangements of an Approved Bank in relation to the operating accounts of an Obligor (including in relation to any one Obligor at any one time up to £6,000,000 of financial indebtedness incurred by that Obligor to the Approved Bank **provided always that**, when netted against the amounts standing to the credit of the accounts of the other Obligors with the Approved Bank at any time, the aggregate netted balance is not less than £1);
- (e) under any Acquisition Loan Notes issued by the Obligors or any of them, in an aggregate principal amount for all Obligors not exceeding £10,000,000 at any time and satisfying certain other conditions;
- (f) under any construction bonding facility in respect of Permitted Developments in favour of the Obligors or any of them, in an aggregate principal amount for all Obligors not exceeding £10,000,000 at any time **provided that** certain other conditions are satisfied;
- (g) constituted by advance payments or trade credit made in the ordinary course of business;
- (h) existing under the DHL Non Interest Bearing Loan;
- (i) of an Obligor to any member of the Dignity Group in accordance with the inter-company loan regime;
- (j) any other loans owed by the Obligors if subordinated to their actual and contingent liabilities in respect of indebtedness under the Issuer/Borrower Loan and the Working Capital Facility and the Hedging Documents (if any) **provided that** such subordination shall not be required in respect of loans owed to any of the Dormant Companies having an aggregate principal amount not exceeding £1,000,000.

"Permitted Non-Obligor Crematorium Development" means a Crematorium Development by a Non-Obligor which satisfies the conditions of the Issuer/Borrower Loan Agreement.

"Permitted Operating Contract" means any of:

- (a) a Crematorium Operations Contract;
- (b) a Bereavement Services Contract; and
- (c) a Procurement Services Contract,

provided that such contract (i) does not prohibit the granting of security over it to the Security Trustee, (ii) is assignable subject only to the consent of the other contracting party (not to be unreasonably withheld), and (iii) is not capable of termination by the other contracting party by reason of any insolvency event relating to the Obligor or Non-Obligor (as applicable) or any affiliate thereof for so long as the obligations of the relevant operator are performed in all material respects (except that item (iii) shall not apply to Bereavement Services Contracts).

"Portfolio EBITDA" is the EBITDA attributable to the Securitisation Group for the twelve month period ending on Quarter End Date immediately preceding the date of the proposed disposal (excluding central overheads).

"Procurement Services Contract" means a contract entered into by a Non-Obligor with an Obligor, or by an Obligor with another Obligor, in each case (on arms length terms) for the procurement and performance of management, administration, operation, maintenance, refurbishment and/or bereavement services by such Obligor to such Non-Obligor or other Obligor.

"Projected Adjusted EBITDA" means projected EBITDA for the Securitisation Group, reduced by any projected net operating loss in respect of the business comprised in the relevant Permitted Development over the period until the time at which the business is projected to break even on an operating basis.

"Property" means a proprietary interest in a freehold, heritable or leasehold property from time to time.

"Quarter End Date" means each of 31 March, 30 June, 30 September and 31 December in each calendar year.

"RBS" means The Royal Bank of Scotland plc acting as agent for National Westminster Bank Plc.

"RBS Loans" means the loans advanced by RBS to D2008 in respect of an acquisition, crematorium development and/or funeral home start-up by DCL or another Non-Obligor and permitted under the terms of the Issuer/Borrower Loan Agreement.

"Refinanced External Loan" means any loan which refinances any External Loan or any previously Refinanced External Loan.

"Refinanced RBS Loan" means any loan which refinances the RBS Loans (or any of them) or any previously Refinanced RBS Loan.

"Relevant Period" means any period of 12 months ending on a Quarter End Date.

"Rental Leverage Amount" means, in relation to any disposal of a freehold or long leasehold property in the context of an ongoing funeral home business, an amount equal to the Securitisation Group's annual rental increase (if any) arising from such sale of such property and the transfer of such business into an alternative rack rented property multiplied by 8.

"Residential Letting" means the letting by way of an Assured Shorthold Tenancy Agreement, short assured tenancy (or similar agreement relating to the letting of residential property commonly then in use and which is intended to afford the tenant no security of tenure beyond its contractual term) or service occupancy or service licence of a Residential Property.

"Residential Property" means a Property or part thereof which is used for residential purposes.

"Security Trustee" means the security trustee from time to time under the Borrower Security Documents.

"Security Trust Deed" means the security trust deed entered into by, *inter alios*, the Security Trustee and the Obligors dated 20 December 2002 as amended, restated, supplemented and/or varied from time to time.

"Shepton Mallet Crematorium" means the crematorium constructed at the Shepton Mallet Site.

"Shepton Mallet Site" means the freehold land at Old Wells Road, Shepton Mallet, Somerset, acquired by DCL.

"Surplus" means any surplus paid to any Obligor from the assets of any Trust, however calculated.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature in any jurisdiction (including any deferred tax and any penalty or interest payable in connection with any failure to pay or delay in paying any of the same).

"Tax Group" means, in relation to an Obligor at a particular time, and in relation to a particular Tax, a group of companies for the purposes of that Tax of which that Obligor is a member at that time (and, accordingly, an Obligor may, at a particular time, be a member of one or more Tax Groups).

"Trust" means any of the National Funeral Trust, Dignity Limited Trust Fund and the Trust for Age UK Funeral Plan.

"Vendor" means any Vendor under an Acquisition Agreement.

2. **The Dormant Company Subordination Deed**

Certain dormant company creditors, on the Initial Securitisation Closing Date, entered into a subordination deed (as amended, restated, varied and/or supplemented from time to time, the "**Dormant Company Subordination Deed**") in which they agreed:

- that their respective claims against DFL will be fully subordinated to the claims of the Obligor Secured Creditors;
- that they will not receive any payment in respect of interest or principal in respect of such debts prior to the Securitisation Discharge Date; and
- not to take any enforcement action against DFL or to commence Insolvency Proceedings against DFL until the date falling two years and one day after the Securitisation Discharge Date.

Certain dormant company creditors of DFL are not party to the Dormant Company Subordination Deed, and there is no restriction on such parties seeking repayment of their debt or commencing Insolvency Proceedings against DFL. The debts owed by DFL to dormant companies which are not party to the Dormant Company Subordination Deed as at the Closing Date total £721,485.

"**Securitisation Discharge Date**" means the date, as determined by the Issuer on which the Senior Debt shall have been irrevocably discharged in full and all commitments under the Issuer/Borrower Loan Agreement and the Working Capital Facility Agreement have been cancelled and no Obligor is entitled to drawdown further facilities under the Issuer/Borrower Loan Agreement or the Working Capital Facility.

3. **The Intra-Group Indebtedness**

3.1 ***Intra-Group Indebtedness of the Borrower and the Other Obligors (Non Interest-Bearing Facilities)***

3.1.1 *The DHL Non Interest-Bearing Loan*

On 11 February 2002, DHL (as lender) and the Borrower (as borrower) entered into a letter agreement (as amended, restated, varied and/or supplemented from time to time, the "**DHL Non Interest-Bearing Loan Agreement**") for the provision of an unsecured non interest-bearing loan facility of £300,000,000 (the "**DHL Non Interest-Bearing Loan**"). The amount outstanding on the DHL Non Interest Bearing Loan as at the Closing Date will be approximately £13.4 million.

Purpose

The DHL Non Interest-Bearing Loan was provided, *inter alia*, to enable the Borrower to pay any amounts due by it in connection with the acquisition by the Borrower of Dignity Services from SCI.

Interest

The DHL Non Interest-Bearing Loan Agreement provides for advances made under it to be non interest-bearing.

Maturity Date

The facility is repayable in 2035.

Consequences of a Default under the DHL Non Interest-Bearing Loan

The DHL Non Interest-Bearing Loan Agreement contains certain events of default, the occurrence of which entitles DHL to accelerate the DHL Non Interest-Bearing Loan.

Limited Recourse

The sum payable by the Borrower to DHL is limited to the lesser of (a) the aggregate amount of all sums due and payable to DHL and (b) the aggregate value of the Borrower's assets, net of all its liabilities other than amounts owed to DHL by the Borrower under the DHL Non Interest-Bearing Loan.

Governing Law

The DHL Non Interest-Bearing Loan Agreement and any non-contractual obligations arising thereunder are governed by English law.

4. **The Operating Account Loans Novation Agreement**

On 21 February 2006, Dignity Services declared a dividend in favour of the Borrower in the amount of approximately £62,000,000 (the "**DS Operating Account Loans Dividend**"). At the same time Dignity Services entered into an agreement (the "**Operating Account Loans Novation Agreement**") with the Borrower to novate the then outstanding Operating Account Loans in the aggregate amount of approximately £62,000,000 to Dignity Services and Dignity Services assumed the rights and obligations of D2002 in respect of the Operating Account Loans in settlement of the DS Operating Account Loans Dividend.

"**Operating Account Loans**" means loans made by DFL to the Borrower by sweeping amounts standing to the credit of the operating accounts of the Obligors to the Loan Payments Account in accordance with the Issuer/Borrower Loan Agreement.

The Operating Accounts Loans Novation Agreement and any non-contractual obligations arising thereunder are governed by English law.

5. **The DFL/D2002 Operating Account Loan Amendment Agreement**

On 21 February 2006, Dignity Services, D2002, DFL and Birkbeck entered into an agreement (the "**DFL/D2002 Operating Account Loans Amendment Agreement**") pursuant to which (a) DFL assigned approximately £46,400,000 of the receivable (the "**Receivable**") in respect of the Operating Account Loans (being the outstanding balance of the Operating Account Loans between DFL and D2002 following the novation of part of such Operating Account Loans to Dignity Services pursuant to the Operating Account Loans Novation Agreement) to Birkbeck in settlement of a dividend in specie declared by DFL in favour of Birkbeck in the same amount, (b) Birkbeck subsequently assigned the Receivable to Dignity Services in settlement of a dividend in specie declared by Birkbeck in favour of Dignity Services, and (c) Dignity Services assigned the Receivable to D2002 in settlement of a dividend in specie declared by Dignity Services in favour of D2002 and which assignment had the effect of cancelling the Receivable.

The DFL/D2002 Operating Account Loans Amendment Agreement and any non-contractual obligations arising thereunder are governed by English law.

6. **Tax Deed of Covenant**

The obligations of the Obligors (and other Dignity Group members) are supported by a deed of covenant (the "**Tax Deed of Covenant**") dated the Initial Securitisation Closing Date (as amended, restated, varied and/or supplemented from time to time) under which the Obligors and certain other members of Dignity give certain representations, warranties and undertakings in relation to their tax affairs.

The Obligors may surrender by way of group relief all or part of any losses, including any surplus loan relationship deficits, in respect of any tax period to shelter the profits of the other Obligors or of members of the Dignity Group outside the Securitisation Group. Any surrender to a member of the Dignity Group outside of the Securitisation Group must be for payments of an amount equal to the tax value of the losses surrendered.

7. **Security Trust Deed**

On 20 December 2002, *inter alios*, the Obligors, BNY Mellon Corporate Trustee Services Limited as Security Trustee and the Issuer entered into a security trust deed (as amended, varied, novated and/or supplemented from time to time, the "**Security Trust Deed**").

Appointment of Security Trustee

Under the Security Trust Deed, the Borrower appointed BNY Mellon Corporate Trustee Services Limited to act as trustee in respect of *inter alia*, the Borrower Security.

Trust for the Obligor Secured Creditors

Under the Security Trust Deed, the Security Trustee declares that it shall hold the Borrower Security on trust for the Obligor Secured Creditors upon the terms contained in the Security Trust Deed.

No Obligor Secured Creditor (Other than the Security Trustee) Has Independent Power to Enforce

Under the Security Trust Deed, the Obligor Secured Creditors agree that they shall not have any independent power to enforce, or have recourse to, any of the Borrower Security or to exercise any rights or powers arising under the Borrower Security Documents except through the Security Trustee.

Appointment of Administrative Receiver

Under the Security Trust Deed, the Security Trustee is required (subject to being prefunded and/or secured and/or indemnified to its satisfaction) to enforce the security created in favour of the Security Trustee under the Borrower Security Documents by appointing an administrative receiver in respect of the Obligors to prevent an administration proceeding. The Security Trustee is required to appoint an administrative receiver if it has actual notice of (i) an application for the appointment of an administrator in respect of the Obligors, (ii) the giving of a notice of intention to appoint an administrator in respect of the Obligors or (iii) the filing of a notice of appointment of an administrator in respect of the Obligors with the Court. Nothing shall oblige the Security Trustee to indemnify any administrative receiver appointed by it except to the extent of (and from) the cash and assets comprising the security created in favour of the Security Trustee under the Borrower Security Documents that are held by the Security Trustee at such time and the Security Trustee shall not be liable for any failure to appoint the administrative receiver save in the case of its own gross negligence, wilful default or fraud.

Security Trustee to Act in Accordance with Instructions

The Security Trust Deed states that the Security Trustee shall act in accordance with written instructions given by certain parties and sets out which party is entitled to instruct the Security Trustee in various circumstances *provided that* in the circumstances where the Issuer is the Instructing Creditor, it is acknowledged that, as a result of the Issuer's assignment of its rights to the Note Trustee pursuant to the Issuer Security Deed, the Note Trustee shall be entitled to instruct the Security Trustee in accordance with the terms thereof.

The Security Trust Deed provides that until the Securitisation Discharge Date:

- (a) the Security Trustee shall act solely in accordance with any written instructions given to it by the Issuer in respect of the Borrower Security;
- (b) the Security Trustee shall be entitled to request clarification of any instruction or direction received by it from the Issuer and pending receipt of such clarification to its satisfaction may refrain from acting and shall have no liability for the consequences thereof;
- (c) the Security Trustee shall be entitled to carry out all dealings with the Obligor Secured Creditors (excluding any insolvency representative, receiver or delegate) through the

Issuer and may give the Issuer any notice or other communication required to be given by the Security Trustee to the Obligor Secured Creditors;

- (d) only the Issuer shall, subject to and in accordance with the terms of any Obligor Transaction Document, be entitled to make requests or give instructions to the Security Trustee in respect of the security secured thereunder and no other Obligor Secured Creditors nor the Obligors shall have any rights so to do or otherwise to request the Security Trustee to take any action or proceedings under or in relation to any Obligor Transaction Document;
- (e) if the Issuer in issuing any instructions breaches any rights or restrictions set out in any Obligor Transaction Document this shall not invalidate the instruction unless the Issuer informs the Security Trustee in relation to the instruction made or given by it before the Security Trustee commences to act on such instruction that such instruction was invalid and should not be acted on. If the Security Trustee is so informed after it has commenced to act on an instruction the validity of any action taken shall not be affected but the Security Trustee shall take no further action in accordance with such instruction, except to the extent that it has become legally obliged to do so;
- (f) the Security Trustee shall not be obliged to take any action or proceedings under or in relation to any Obligor Transaction Document unless it has received a request or instruction from the Issuer and shall not be responsible for any delay or failure to take any such action or proceedings; and
- (g) the Security Trustee shall seek instructions from the Issuer as to the amounts owing to the Obligor Secured Creditors or to any person who is obliged to be paid in priority to any Obligor. The Security Trustee shall rely conclusively upon any instructions received by it without making any further enquiries or incurring any liability and, in the absence of any such instructions, shall not be bound to apply any amounts received or recovered in connection with the realisation or enforcement of all or any part of the Borrower Security.

Governing Law

The Security Trust Deed and any non-contractual obligations arising thereunder are governed by and shall be construed in accordance with English law.

8. **Working Capital Facility Agreement**

On the Initial Securitisation Closing Date, *inter alios*, the Borrower, The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc) (the "**Working Capital Facility Provider**") and the Security Trustee entered into the Working Capital Facility Agreement under which the Working Capital Facility Provider agreed to provide a revolving credit facility detailed therein to the Borrower up to a maximum aggregate amount of £5,000,000 (the "**Working Capital Facility**").

Term

The expiry date of the Working Capital Facility is on the date falling 5 years after the Closing Date, or such other date as may be agreed in writing between the parties thereto. The Working Capital Facility Agreement may be terminated at any time by agreement of the Borrower, the Obligors and the Working Capital Facility Provider, with notice to the Security Trustee, subject to satisfaction of the Ratings Test.

Use of Proceeds

The Borrower is entitled to utilise the Working Capital Facility for ongoing operational expenses and for other general corporate purposes not otherwise met out of available cash flows from time to time. The Working Capital Facility cannot be utilised to make payments due to the Issuer under the Issuer/Borrower Loan Agreement.

Facility Limit

The limit on the amount which may be drawn under the Working Capital Facility is £5,000,000.

Availability of Facility

The Working Capital Facility will continue to be available following the occurrence of a Loan Event of Default. However, the Working Capital Facility Provider will not be obliged to advance sums under the Working Capital Facility Agreement once a Loan Enforcement Notice has been served pursuant to the Issuer/Borrower Loan Agreement declaring the Issuer/Borrower Loan to be immediately repayable in full.

Payments due to the Working Capital Facility Provider pursuant to the Working Capital Facility will be paid in priority to payments being made to the Issuer in respect of the term advances under the Issuer/Borrower Loan Agreement.

Governing Law

The Working Capital Facility Agreement and any non-contractual obligations arising thereunder are governed by English law.

9. **Obligor Cash Administration and Account Bank Agreement (the "OCAA")**

The Obligors, the Cash Administrator, Lloyds TSB Bank plc as the Obligor Account Bank and the Security Trustee entered into an agreement on the Initial Securitisation Closing Date, under which the Cash Administrator provides cash management and investment services on behalf of the Obligors. On 8 July 2005, The Royal Bank of Scotland plc acting as an agent for National Westminster Bank Plc was appointed to replace Lloyds TSB Bank plc as an Obligor Account Bank.

Under the Obligor Cash Administration and Account Bank Agreement, the Cash Administrator is appointed, *inter alia*, to (a) manage the Loan Payments Account on behalf of the Borrower and (b) manage certain other bank accounts on behalf of the Obligors (the "**Obligor Accounts**") held with the Obligor Account Bank or, in the case of certain operating accounts, with other Eligible Banks (each such account held with an Eligible Bank that is not the Obligor Account Bank being an "**Eligible Bank Operating Account**" or "**EBCOA**").

An "**Eligible Bank**" is a bank that is authorised to accept deposits under the Financial Services and Markets Act 2000 and any regulations made thereunder, the long-term unsubordinated, unguaranteed and unsecured debt obligations of which is rated at least with the Minimum Long-Term Ratings and is a bank which accepts deposits and pays interest thereon in the ordinary course of business.

In addition, an EBCOA may only be utilised if the Rating Agencies have affirmed, prior to and in contemplation of such EBCOA becoming operational, the then current ratings of all classes of the Notes.

In particular, the Cash Administrator may procure that certain funds standing to the credit of certain Obligor Accounts are invested in Eligible Investments to be determined by or on behalf of the members of the Securitisation Group.

"Eligible Investments" means:

- (a) sterling gilt-edged securities; and
- (b) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) *provided that* in all cases such investments comply with the ratings criteria of Fitch and Standard & Poor's respectively.

Borrower Pre-Enforcement Priority of Payments

Prior to service of a Loan Enforcement Notice, funds standing to the credit of the Loan Payment Account will be applied on any Loan Payment Date or, in the case of items 9 and 19, allocated (for application on the date specified at items 9 and 19 respectively), in the following order of priority (the "**Borrower Pre-Enforcement Priority of Payments**"):

1. *first*, provision for any tax which is a primary liability of any Obligor and payment of, or provision for, any tax which is a primary liability of the Issuer which cannot be met from the Issuer's pre-tax profits;
2. *second*, payment of costs, fees and expenses of and indemnities payable to the Security Trustee;
3. *third*, payment to the Issuer of indemnity amounts in respect of costs, fees, expenses and liabilities of the Note Trustee, the Issuer Account Bank, any substitute Issuer Account Bank, any successor Cash Administrator, the Agent Bank and the Paying Agents, and of the Issuer itself (including amounts payable under item 6 of the Issuer Pre-Enforcement Priority of Payments) to the extent the same cannot be met from its post-tax profits;
4. *fourth, pari passu and pro rata* payment in respect of costs, fees and expenses of the Obligor Account Bank, any substitute Obligor Account Bank and any successor Cash Administrator;
5. *fifth*, payment to the Issuer of, or provision for, amounts in respect of costs, fees and expenses of the Liquidity Facility Provider and all other sums (but excluding any Liquidity Facility Subordinated Amounts) due and payable under the Liquidity Facility;
6. *sixth*, in or towards payment of any swap termination payment due and payable by the Borrower pursuant to the terms of any Hedging Document (if any) to the extent of the amount of premium received by the Borrower from a replacement hedging bank;
7. *seventh*, payment of costs, fees and expenses of the Working Capital Facility Provider;
8. *eighth*, payment of other amounts due and payable under the Working Capital Facility Agreement not paid or provisioned for under item 7 above but excluding Working Capital Facility Subordinated Amounts (if any);
9. *ninth*, all amounts due or accrued due but unpaid to the Hedging Bank (if any) under any Hedging Document (if any) (including any swap termination payment to the extent that it has not been paid under item 6 above but excluding any amount which is payable by the Borrower in the circumstances described under item 15 below), for payment on the Business Day before each Interest Payment Date;
10. *tenth*, payment of amounts of interest due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement;
11. *eleventh*, payment of amounts of principal and premium (if any) due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement;
12. *twelfth*, payment of amounts of interest due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement;
13. *thirteenth*, payment of amounts of principal and premium (if any) due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement;
14. *fourteenth*, payment of costs, fees, expenses and other sums due and payable under the Issuer/Borrower Loan Agreement and not already provided for under items 1 to 13 hereof;
15. *fifteenth*, in or towards satisfaction of the amount due in respect of any hedging termination payment (to the extent that it has not been paid under item 6 above) payable

by the Borrower following a termination of any Hedging Document (if any) as a result of either a downgrading of the Hedging Bank or the occurrence of an event of default in respect of which the Hedging Bank is the defaulting party;

16. *sixteenth*, payment to the Issuer of, or provision for, amounts in respect of Liquidity Facility Subordinated Amounts (if any);
17. *seventeenth*, payment of Working Capital Facility Subordinated Amounts due and payable (if any);
18. *eighteenth*, any secondary tax liability of any Obligor or the Issuer; and
19. *nineteenth*, in provisioning for or making any Restricted Payments for payment on the Interest Payment Date immediately following such Loan Payment Date or any date thereafter (save on any of the five Business Days before a future Loan Payment Date) provided that the Restricted Payment Condition is satisfied at the time such Restricted Payment is paid.

Borrower Post-Enforcement Pre-Acceleration Priority of Payments

Following service of a Loan Enforcement Notice but prior to acceleration of the Issuer/Borrower Loan, funds standing to the credit of the Loan Payment Account and any other proceeds of enforcement of the Borrower Security or other funds available to the Borrower or the Security Trustee for such purpose will be applied on any Loan Payment Date or, in the case of item 9, allocated (for application on the date specified at item 9), in the following order of priority (the "**Borrower Post-Enforcement Pre-Acceleration Priority of Payments**"):

1. *first*, provision for any tax which is a primary liability of any Obligor and payment of, or provision for, any tax which is a primary liability of the Issuer which cannot be met from the Issuer's pre-tax profits;
2. *second*, payment of costs, fees and expenses of and indemnities payable to the Security Trustee and any receiver appointed pursuant to the Security Trust Deed;
3. *third*, payment to the Issuer of indemnity amounts in respect of costs, fees, expenses and liabilities of the Note Trustee, the Issuer Account Bank, any substitute Issuer Account Bank, any successor Cash Administrator, the Agent Bank and the Paying Agents, and of the Issuer itself (including amounts payable under item 6 of the Issuer Pre-Enforcement Priority of Payments) to the extent the same cannot be met from its post-tax profits;
4. *fourth, pari passu and pro rata* payment in respect of costs, fees and expenses of the Obligor Account Bank, any substitute Obligor Account Bank and any successor Cash Administrator;
5. *fifth*, payment to the Issuer of, or provision for, amounts in respect of costs, fees and expenses of the Liquidity Facility Provider and all other sums (but excluding any Liquidity Facility Subordinated Amounts) due and payable under the Liquidity Facility by the Issuer;
6. *sixth*, in or towards payment of any swap termination payment due and payable by the Borrower pursuant to the terms of any Hedging Document (if any) to the extent of the amount of premium received by the Borrower from a replacement Hedging Bank;
7. *seventh*, payment of costs, fees and expenses of the Working Capital Facility Provider;
8. *eighth*, payment of other amounts due and payable under the Working Capital Facility Agreement not paid or provisioned for under item 7 above but excluding Working Capital Facility Subordinated Amounts (if any);
9. *ninth*, all amounts due or accrued due but unpaid to the Hedging Bank under the Hedging Documents (if any) (including any hedging termination payment to the extent that it has not been paid under item 6 above but excluding any amount which is payable

by the Borrower in the circumstances described under item 15 below), for payment on the Business Day before each Interest Payment Date;

10. *tenth*, payment of amounts of interest due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement;
11. *eleventh*, payment of amounts of principal and premium (if any) due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement;
12. *twelfth*, payment of amounts of interest due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement;
13. *thirteenth*, payment of amounts of principal and premium (if any) due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement;
14. *fourteenth*, payment of costs, fees, expenses and other sums due and payable under the Issuer/Borrower Loan Agreement and not already provided for under items 1 to 13 hereof;
15. *fifteenth*, in or towards satisfaction of the amount due in respect of any swap termination payment (to the extent that it has not been paid under item 6 above) payable by the Borrower following a termination of any hedging document (if any) as a result of either a downgrading of the Hedging Bank or the occurrence of an event of default in respect of which the Hedging Bank is the defaulting party;
16. *sixteenth*, payment to the Issuer of, or provision for, amounts in respect of Liquidity Facility Subordinated Amounts (if any);
17. *seventeenth*, payment of Working Capital Facility Subordinated Amounts due and payable (if any); and
18. *eighteenth*, any secondary tax liability of any Obligor or the Issuer.

Borrower Post-Enforcement Post-Acceleration Priority of Payments

Following acceleration of the Issuer/Borrower Loan, funds standing to the credit of the Loan Payments Account and any other proceeds of enforcement of the Borrower Security or other funds available to the Borrower or Security Trustee for such purpose will be applied on any Loan Payment Date or, in the case of item 8, allocated (for application on the date specified at item 8), in the following order of priority (the "**Borrower Post-Enforcement Post-Acceleration Priority of Payments**" and with the Borrower Pre-Enforcement Priority of Payments and the Borrower Post-Enforcement Pre-Acceleration Priority of Payments, each a "**Borrower Priority of Payments**"):

1. *first*, payment of costs, fees and expenses of and indemnities payable to the Security Trustee and any receiver appointed pursuant to the Security Trust Deed;
2. *second*, payment to the Issuer of indemnity amounts in respect of costs, fees, expenses and liabilities of the Note Trustee, the Issuer Account Bank, any substitute Issuer Account Bank any successor Cash Administrator, the Agent Bank and the Paying Agents, and of the Issuer itself (including amounts payable under item 6 of the Issuer Pre-Enforcement Priority of Payments) to the extent the same cannot be met from its post-tax profits;
3. *third, pari passu and pro rata* payment in respect of costs, fees and expenses of the Obligor Account Bank, any substitute Obligor Account Bank and any successor Cash Administrator;
4. *fourth*, payment to the Issuer of, or provision for, amounts in respect of costs, fees and expenses of the Liquidity Facility Provider and all other sums (but excluding any Liquidity Facility Subordinated Amounts) due and payable under the Liquidity Facility by the Issuer;

5. *fifth*, in or towards payment of any hedging termination payment due and payable to the extent of the amount of premium received by the Borrower from a replacement hedging bank;
6. *sixth*, payment of costs, fees and expenses of the Working Capital Facility Provider;
7. *seventh*, payment of other amounts due and payable under the Working Capital Facility Agreement not paid or provisioned for under item 6 above but excluding Working Capital Facility Subordinated Amounts;
8. *eighth*, all amounts due or accrued due but unpaid to the Hedging Bank under the Hedging Documents (if any) (including any hedging termination payment to the extent that it has not been paid under item 5 above) but excluding any amount which is payable by the Borrower in the circumstances described under item 14 below), for payment on the Business Day before each Interest Payment Date;
9. *ninth*, payment of amounts of interest due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement;
10. *tenth*, payment of amounts of principal and premium (if any) due and payable in respect of the A Tranche under the Issuer/Borrower Loan Agreement until there are no further amounts outstanding in respect of any such Tranche;
11. *eleventh*, payment of amounts of interest due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement;
12. *twelfth*, payment of amounts of principal and premium (if any) due and payable in respect of the B Tranche under the Issuer/Borrower Loan Agreement until there are no further amounts outstanding in respect of such Tranche;
13. *thirteenth*, payment of costs, fees, expenses and other sums due and payable under the Issuer/Borrower Loan Agreement and not already provided for under items 1 to 12 hereof;
14. *fourteenth*, in or towards satisfaction of the amount due in respect of any hedging termination payment (to the extent that it has not been paid under item 5 above) owed to a Hedging Bank following a termination of the Hedging Documents (if any) as a result of either a downgrading of the Hedging Bank or the occurrence of an event of default in respect of which the Hedging Bank is the defaulting party;
15. *fifteenth*, payment to the Issuer of, or provision for, amounts in respect of Liquidity Facility Subordinated Amounts (if any);
16. *sixteenth*, payment of Working Capital Facility Subordinated Amounts due and payable (if any); and
17. *seventeenth*, upon satisfaction in full of all amounts ranking in priority thereto, the surplus (if any) to (or to the order of) the Borrower or any other person entitled thereto.

Liquidity Facility Subordinated Amounts and Working Capital Facility Subordinated Amounts

In this description of the Obligor Cash Administration and Account Bank Agreements, "**Liquidity Facility Subordinated Amounts**" means such amounts (if any) which the Issuer is obliged to pay to the Liquidity Facility Provider and which are designated as "Liquidity Facility Subordinated Amounts" pursuant to and in accordance with the Liquidity Facility Agreement and "**Working Capital Facility Subordinated Amounts**" means such amounts (if any) which the Borrower is obliged to pay to the Working Capital Facility Provider and which are designated as "Working Capital Facility Subordinated Amounts " pursuant to and in accordance with the Working Capital Facility Agreement.

No set-off

The Obligor Account Bank has undertaken not to exercise any rights of set-off or consolidation or merger of accounts in respect of the Obligor Accounts, save that the Obligor Account Bank may at any time set off any money standing to the credit of any Operating Account held with the Obligor Account Bank against any indebtedness owed to it in respect of a debit balance on any other Operating Account held with the Obligor Account Bank (which, for the avoidance of doubt, does not include fees, expenses or other charges due to the Obligor Account Bank from such Operating Account other than quarterly commission charges on the Operating Accounts).

Obligor Account Banks to be Eligible Banks

The Obligor Account Bank has given certain covenants in the Obligor Cash Administration and Account Bank Agreement including that it is an Eligible Bank (as defined above). If the Obligor Account Bank ceases to be an Eligible Bank then the Obligors may arrange for the transfer of such accounts to an Eligible Bank acceptable to the Security Trustee.

Termination of appointment of Obligor Account Bank and/or the Cash Administrator

The Obligors or the Security Trustee (or any one of them) may terminate the appointment of the Obligor Account Bank or, as the case may be, the Cash Administrator under the OCAA if any of the following occurs (either at once or at any time thereafter, if such default shall not have been remedied):

- (i) the Obligor Account Bank defaults in paying on the due date any payment to be made by it and such default continues unremedied for a period of 5 Business Days;
- (ii) the Obligor Account Bank or the Cash Administrator fails to perform or observe any of its duties, obligations, covenants or services under the OCAA and such default continues unremedied for a period of 5 Business Days after the earlier of such entity becoming aware of such default and receipt by such entity of written notice from the Security Trustee requiring such default to be remedied;
- (iii) the Obligor Account Bank is no longer an Eligible Bank;
- (iv) the Obligor Account Bank is unable to repeat the warranties and representations made by it in the OCAA;
- (v) the Obligor Account Bank or the Cash Administrator becomes insolvent;
- (vi) the Obligor Account Bank or the Cash Administrator fails to maintain all appropriate licences, consents, approvals, authorisations and exemptions from, or any registrations with, governmental and other regulatory authorities required by it to perform its obligations under the OCAA; or
- (vii) the Obligor Account Bank or the Cash Administrator is rendered unable to perform its obligations under this Agreement for a period of 15 days or more by circumstances beyond its control.

If the Obligor Account Bank ceases to have a credit rating from both the Rating Agencies equal to the Minimum Long Term Ratings, the Obligors and the Cash Administrator shall use reasonable commercial efforts to transfer the accounts and balances to a Substitute Obligor Account Bank which has a credit rating from both the Ratings Agencies which is equal to the Minimum Long-Term Rating within 60 days of the date on which the Obligor Account Bank no longer has the Minimum Long-Term Rating.

If the appointment of the Obligor Account Bank is terminated in such circumstances, the Obligor Account Bank shall continue to perform all account bank functions until the date upon which the Obligors (with the consent of the Security Trustee) or, following the service of a Loan Enforcement Notice or Note Enforcement Notice, the Obligors and the Security Trustee, appoint a substitute Obligor Account Bank *provided that* such substitute Obligor Account Bank has agreed in writing to be appointed as the substitute Obligor Account Bank, acknowledged that the

OCAA and the accounts will be secured in favour of the Security Trustee and confirmed that it is an Eligible Bank.

Governing Law

The Obligor Cash Administration and Account Bank Agreement and any non-contractual obligations arising thereunder are governed by English law.

10. **Guarantee**

On 20 December 2002 the Obligors (excluding APL) and the Guarantors (as joint and several obligors and guarantors) and the Security Trustee (as beneficiary) entered into an all-moneys guarantee of the obligations of the Obligors and Guarantors under, *inter alia*, the Obligor Transaction Documents (as amended, restated, varied and/or supplemented from time to time, the "**Guarantee**"). On the Initial Securitisation Closing Date, APL acceded to the Guarantee pursuant to a deed of accession (the "**Deed of Accession (Guarantee – APL)**") and on 19 March 2004, D2004 acceded to the Guarantee pursuant to a deed of accession (the "**Deed of Accession (Guarantee – D2004)**").

Each company which has been acquired by DFL and acceded to the Issuer/Borrower Loan Agreement as an Obligor has also acceded to the Guarantee pursuant to a deed of accession dated on the date that such Obligor was acquired.

Immediate Recourse

Under the Guarantee each Obligor and Guarantor waived any right it may have had of first requiring the Security Trustee (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Obligor or Guarantor under the Guarantee.

Deferral of Guarantors' Rights

The Guarantee provides that, until all amounts which may be or become payable by the Obligors or Guarantors under or in connection with the Obligor Transaction Documents have been irrevocably paid in full and unless the Security Trustee otherwise directs, no Obligor or Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Obligor Transaction Documents to be indemnified by an Obligor or Guarantor, to claim any contribution from any other Obligor or Guarantor of any Obligor's or Guarantor's obligations under the Obligor Transaction Documents, and to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee under the Obligor Transaction Documents or of any other guarantee or security taken pursuant to, or in connection with, the Obligor Transaction Documents by the Security Trustee.

Guarantee of Obligors' obligations

Under the Guarantee, the Obligors and Guarantors guarantee the Obligors' and Guarantors' obligations under the Obligor Transaction Documents, in favour of the Security Trustee. The obligations of the Obligors and Guarantors under the Guarantee are secured pursuant to the Borrower Security Documents more particularly described below.

Governing Law

The Guarantee and any non-contractual obligations arising thereunder are governed by English law.

Borrower Security

As at the Closing Date, the existing Borrower Security granted pursuant to each of the Borrower Security Documents prior to the Closing Date will be affirmed by the relevant chargors and supplemental security will be granted in favour of the Security Trustee by the relevant chargors on the Closing Date to secure any new Obligor Secured Liabilities which may accrue or arise as a result of the amendment and restatement of certain Obligor Transaction Documents on the

Closing Date, including without limitation, the Issuer/Borrower Loan Agreement. Such affirmations and supplements will be effected by way of an amendment and restatement of the existing relevant Borrower Security Document or a supplement to the existing relevant Borrower Security Document, as further detailed or unless otherwise specified below.

11. **Debenture**

On 20 December 2002, *inter alios*, the Borrower, Dignity Services, Dignity Securities Limited, Plantsbrook Group Limited, Birkbeck Securities Limited, Dignity Pre Arrangement Limited and DFL (as "**Chargors**") and the Security Trustee entered into a debenture (as amended, restated, varied and/or supplemented from time to time, the "**Debenture**"). Each company that has acceded to the Issuer/Borrower Loan Agreement as an Obligor has also acceded to the Debenture as a Chargor.

Covenant to Pay

Under the Debenture each Chargor has covenanted and undertaken that it will on demand in writing by the Security Trustee pay or discharge to the Security Trustee all money and liabilities present and future due, owing or incurred to the Security Trustee and each Obligor Secured Creditor (as defined in the respective Obligor Transaction Documents) by any Obligor under or pursuant to the Obligor Transaction Documents, whether actually or contingently, solely or jointly, as principal, surety or guarantor and whether or not the Obligor Secured Creditor was originally a party to the transaction.

"**Obligor Transaction Documents**" means the documents entered into in connection with the securitisation (including the documents entered into in relation to the Advance and the issue of the Notes) including the Issuer/Borrower Loan Agreement.

Grant of Security

In addition, each of the Chargors with full title guarantee (or, in respect of any assets situated in or otherwise governed by the laws of Scotland, with absolute warrandice or in respect of any assets situated in or otherwise governed by the laws of Northern Ireland, as legal and beneficial owner) have charged to the Security Trustee as security for the payment or discharge of all secured sums:

- (a) by way of first fixed charge all such Chargor's right, title and interest from time to time in any present or future freehold and leasehold land or immovable property in which a Chargor has an interest and any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such freehold or leasehold property (other than such property situated in Scotland);
- (b) by way of first equitable fixed charge, all securities belonging to such Chargor;
- (c) by way of first fixed charge, all contracts and policies of insurance and assurance held by or otherwise benefiting such Chargor and all rights and interests of such Chargor in every such contract and policy (including the benefit of all claims arising and all money payable under such contracts and policies);
- (d) by way of first fixed charge, all the goodwill and uncalled capital for the time being of such Chargor;
- (e) by way of first fixed charge all rights, title and interests in and to Intellectual Property belonging to such Chargor, in any part of the world;
- (f) by way of first fixed charge all the benefit of agreements and licences entered into or enjoyed by such Chargor relating to the use or exploitation of intellectual property;
- (g) by way of first fixed charge all trade secrets, confidential information and know how owned or enjoyed by such Chargor now or in the future in any part of the world;

- (h) by way of first fixed charge, the benefit of all negotiable instruments, guarantees, book debts, bonds, debentures, legal or equitable charges and all other security, reservation of proprietary rights, rights of tracing, unpaid vendor's liens and all other rights and remedies now or in the future available to such Chargor as security for any receivable or for the performance by any third party of any obligation now or in the future owed to such Chargor;
- (i) by way of first fixed charge, all bank accounts and book debts held by such Chargor; and
- (j) by way of floating charge, all other assets of such Chargor but extending over all of each such Chargor's Scottish assets.

Negative Pledge

The Chargers each granted a negative pledge and further assurances in favour of the Security Trustee.

Governing Law

The Debenture and any non-contractual obligations arising thereunder are governed by and should be construed in accordance with English law except for certain provisions particular to Scots law, which are to be construed in accordance with the laws of Scotland and certain provisions particular to Northern Irish law, which are to be construed in accordance with the laws of Northern Ireland.

12. **Floating Charges Granted by Dignity plc, DH2, DHL, DML and D2004**

On 20 December 2002, in a deed (and as may be as amended, restated, varied and/or supplemented from time to time, the "**Floating Charge Deed**") between Dignity plc, DH2, DHL and DML (as chargors) and the Security Trustee, each chargor charged with full title guarantee, by way of floating charge in favour of the Security Trustee with the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents, all its undertaking, property, assets, rights and revenues present or future other than any assets validly and effectively charged by way of fixed security to the Security Trustee under any of the Obligor Transaction Documents but extending over all of each such Chargor's Scottish assets. Each chargor further granted a negative pledge to the Security Trustee in relation to the creation of any further security over any of its assets charged as described above.

On 21 February 2006, D2004 granted a floating charge in favour of the Security Trustee on the same terms as the Floating Charge Deed (as amended, restated, varied and/or supplemented from time to time, the "**D2004 Floating Charge Deed**").

The Floating Charge Deed and the D2004 Floating Charge Deed and any non-contractual obligations arising thereunder are governed by English law *provided that* terms in the deeds particular to Scotland are governed in accordance with Scots law.

13. **Mortgages Granted by DFL**

On 20 December 2002, in a deed (as amended, restated, varied and/or supplemented from time to time, the "**DFL Mortgage Deed**") between the Security Trustee and DFL (as chargor), DFL charged with full title guarantee in favour of the Security Trustee for the payment and discharge of all moneys and liabilities covenanted and undertaken to be paid or discharged by the chargors under the Debenture (as described in "**Senior Security – Debenture**" above), by way of legal mortgage, all of DFL's right, title and interest in 567 properties situated in England and Wales as well as any buildings, fixtures, fittings, fixed plant or machinery situated on or forming part of any such properties (the "**Original DFL Mortgaged Property**"). DFL further assigned with full title guarantee by way of security to the Security Trustee for the payment and discharge of the secured sums, all of DFL's rights, title and interest to all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by or to be given to DFL in respect of any of the DFL Mortgaged Property.

The DFL Mortgage Deed is governed by English law.

Since 20 December 2002, a number of the 567 properties originally charged to the Security Trustee pursuant to the DFL Mortgage Deed will have been sold or, in the case of leasehold properties, the leases will have expired. However, DFL will also have granted mortgages in favour of the Security Trustee over all freehold or leasehold properties that it has acquired either directly or following the acquisition of a company, and over leasehold properties where the leases have expired and been renewed in accordance with the provisions of the Issuer/Borrower Loan Agreement in force at the relevant time and the hive-up of assets from the acquired company to DFL (the "**Additional DFL Mortgaged Property**").

In addition, Derriman & Haynes Funeral Services Limited ("**DHFS**") has granted mortgages in favour of the Security Trustee over certain of its freehold or leasehold properties (the "**DHFS Mortgaged Properties**") and together with any of the Original DFL Mortgaged Property and the Additional DFL Mortgaged Property that has not been sold or, in the case of leasehold properties, where the lease has not expired, the "**DFL/DHFS Mortgaged Property**").

On the Closing Date, in an amended and restated deed (as amended, restated, varied and/or supplemented from time to time, the "**DFL/DHFS Mortgage Deed**") between the Security Trustee and DFL and DHFS (as chargors), DFL and DHFS will grant further supplemental charges, by way of legal mortgages, over their respective rights, title and interest in the DFL/DHFS Mortgaged Property, in substantially the same form as the DFL Mortgage Deed. The DFL/DHFS Mortgage Deed and any non-contractual obligations arising thereunder are governed by English law.

14. **Mortgages granted by Dignity (2009) Limited**

On 7 April 2009, in a deed (as amended, restated, varied and supplemented from time to time, the "**Dignity (2009) Limited Mortgage Deed**") Dignity (2009) Limited (then known as Memoria Limited) granted mortgages in favour of the Security Trustee over the Mercia Crematoria (see "*Description of the Principal Obligor Transaction Documents – The Issuer/Borrower Loan Agreement*" above). Dignity (2009) Limited has surrendered the leases over these properties, and new leases have been granted over such properties to DFL, which in turn granted further mortgages over such properties in favour of the Security Trustee.

15. **Security Over Shares Granted by DH2 in Respect of Shares In DHL**

On 20 December 2002, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Security Over DHL Shares**") between the Security Trustee and DH2, DH2 granted with full title guarantee a first fixed charge over the shares which it holds in DHL together with all dividends, interest and other monies payable in relation to the shares and all other rights, benefits and proceeds in respect of and deriving from the shares (the "**Related Assets**") in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee or any of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents.

The Security Over DHL Shares and any non-contractual obligations arising thereunder are governed by English law.

16. **Security Over Shares Granted by DHL in Respect of its Shares in DML**

On 20 December 2002, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Security Over DML Shares**") between the Security Trustee and DHL, DHL granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in DML in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee or any of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents.

The Security Over DML Shares and any non-contractual obligations arising thereunder are governed by English law.

17. **Inter-Company Loan Security Assignment by DHL in Respect of the DHL Loans**

On 20 December 2002, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**DHL Inter-Company Loan Security Assignment**") between the Security Trustee and DHL, DHL assigned by way of security and with full title guarantee to the Security Trustee all of its right, title and interest, present and future, in, under and to the DHL Non Interest- Bearing Loan to the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee or any of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents.

The DHL Inter-Company Loan Security Assignment and any non-contractual obligations arising thereunder are governed by English law.

18. **Inter-Company Loan Security Assignment by DML in respect of the inter-company loan agreement between DML and D2002**

On 20 December 2002, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**DML Inter-Company Loan Security Assignment**") between the Security Trustee and DML, DML assigned by way of security and with full title guarantee to the Security Trustee all of its right, title and interest, present and future, in, under and to the inter-company loan agreement between DML and D2002 dated 20 December 2002 to the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee or any of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents.

The DML Inter-Company Loan Security Assignment and any non-contractual obligations arising thereunder are governed by English law.

19.1 **Standard Securities Granted by DFL**

On 19 December 2002 and on 5 February 2003, in a number of separate deeds (together and as amended, restated, varied and/or supplemented from time to time, the "**Existing Standard Securities**"), DFL granted Standard Securities (being the only method of creating fixed security over land in Scotland and made in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970) over 34 properties situated in Scotland in favour of the Security Trustee for the payment and discharge of all money and liabilities covenanted and undertaken to be paid or discharged by the chargors under the Debenture (as described in "**Senior Security – Debenture**" above).

The Standard Securities were varied on the Initial Securitisation Closing Date pursuant to a deed of variation between DFL and the Security Trustee (the "**Deed of Variation to the Standard Securities**") to incorporate by reference relevant conditions contained in the Issuer/Borrower Loan Agreement. On the Closing Date, DFL will grant a further Standard Security over approximately 40 properties situated in Scotland, which included properties that are subject to the Existing Standard Securities (the "**New Standard Securities**" and, together with the Existing Standard Securities, the "**Standard Securities**"). These New Standard Securities will be substantially in the form of the Existing Standard Securities subject to any changes necessary to secure any new Obligor Secured Liabilities which may accrue or arise as a result of the amendment and restatement of certain Obligor Transaction Documents on the Closing Date. A reference in this Prospectus to the Standard Securities will, where the context so requires, be to the Existing Standard Securities as varied by the Deed of Variation to the Standard Securities.

Upon the completion of any assignment to DFL of any lease in Scotland having a term in excess of 20 years, DFL will grant a further standard security or standard securities in favour of the Security Trustee over any such property which is currently owned by a member of the Dignity Group of companies other than DFL.

The Standard Securities and the Deed of Variation to the Standard Securities are governed by Scots law.

19.2 **Northern Ireland**

On 17 April 2008, DFL granted mortgages over six properties in Northern Ireland (as amended, restated, varied and/or supplemented from time to time). On the Closing Date, in an amended

and restated deed, DFL will grant further supplemental mortgages over approximately eight properties in Northern Ireland, which will include the six properties which are subject to the existing mortgage.

20. **Security Over Shares Granted by D2004 in Respect of its Shares in the Borrower**

On 8 April 2004, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Security Over Borrower Shares**"), between the Security Trustee and D2004, D2004 granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in the Borrower in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee or any of the Obligor Secured Creditors by any Obligor under or pursuant to the Obligor Transaction Documents.

The Security Over Borrower Shares and any non-contractual obligations arising thereunder are governed by English law.

21. **Security Over Shares Granted by D2004 in Respect of its Shares in DH2**

On 8 April 2004, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Security Over DH2 Shares**") between the Security Trustee and D2004, D2004 granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in DH2 in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor or Guarantor under or pursuant to the Obligor Transaction Documents.

The Security Over DH2 Shares and any non-contractual obligations arising thereunder are governed by English law.

22. **Security Over Shares Granted by Dignity plc in Respect of its Shares in D2004**

On 8 April 2004, in an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Security Over D2004 Shares**") between the Security Trustee and Dignity plc, Dignity plc granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in D2004 in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor or Guarantor under or pursuant to the Obligor Transaction Documents,

The Security Over D2004 Shares and any non-contractual obligations arising thereunder are governed by English law.

23. **Security Over Shares Granted by Dignity plc in Respect of its Shares in D2008**

On 10 November 2008, in an agreement (the "**Security Over D2008 Shares**") (as amended, restated, varied and/or supplemented from time to time), between the Security Trustee and Dignity plc, Dignity plc granted with full title guarantee a first fixed charge over the Shares and Related Assets which it holds in D2008 in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor or Guarantor under or pursuant to the Obligor Transaction Documents.

The Security Over D2008 Shares and any non-contractual obligations arising thereunder are governed by English law.

24. **Security Over Shares Granted by Dignity plc in Respect of its Shares in D2011**

On 28 February 2011, in an agreement (the "**Security Over D2011 Shares**") (as amended, restated, varied and/or supplemented from time to time), between the Security Trustee and Dignity plc, Dignity plc granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in D2011 in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor or Guarantor under or pursuant to the Obligor Transaction Documents.

The Security Over D2011 Shares and any non-contractual obligations arising thereunder are governed by English law.

25. **Security Over Shares Granted by Dignity plc in Respect of its Shares in DH3**

On 8 September 2014, in an agreement (the "**Security Over DH3 Shares**") (as amended, restated, varied and/or supplemented from time to time), between the Security Trustee and Dignity plc, Dignity plc granted with full title guarantee a first fixed charge over the shares and Related Assets which it holds in DH3 in favour of the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors by any Obligor or Guarantor under or pursuant to the Obligor Transaction Documents.

The Security Over DH3 Shares and any non-contractual obligations arising thereunder are governed by English law.

DESCRIPTION OF THE ISSUER TRANSACTION DOCUMENTS

1. The Issuer Security Deed

On or about the Closing Date, the Existing Issuer Security Deed entered into between, *inter alios*, the Note Trustee and the Issuer and pursuant to which the Issuer granted security in respect of, *inter alia*, the Initial Securitisation Notes to the Note Trustee for the benefit of the Issuer Secured Creditors prior to the Closing Date will be terminated and the security granted thereunder will be discharged. A new Issuer Security Deed will be entered into on or about the Closing Date (as may be amended, restated, varied and/or supplemented from time to time) between the Issuer and the Note Trustee pursuant to which the Notes will be secured by first ranking security (to be held by the Note Trustee on trust for the Issuer Secured Creditors) in respect of, *inter alia*, all of the Issuer's rights, title and interest in its assets and undertakings.

Security for the Notes

The Issuer Security Deed creates security interests over the Issuer's rights under, *inter alia*, the Issuer/Borrower Loan Agreement and the security in respect thereof, the Security Trust Deed, the Liquidity Facility Agreement and the Issuer Transaction Account.

The Notes will also be, secured by a floating charge over all of the assets and undertaking of the Issuer not effectively charged by the first ranking security referred to above but extending over all of the Issuer's Scottish assets.

Certain other obligations of the Issuer (including the amounts owing to the Note Trustee under the Trust Deed, to the Note Trustee and any receiver under the Issuer Security Deed, to the Cash Administrator and the Issuer Account Bank under the Issuer Cash Administration and Account Bank Agreement, to the Liquidity Facility Provider under the Liquidity Facility Agreement and to the Paying Agents and the Agent Bank under the Agency Agreement) are also secured by the security interests referred to above.

The Note Trustee and the Security Trustee will also be entitled to rely, where applicable, on satisfaction of the Rating Test (as defined in the "*Terms and Conditions of the Notes*"). Investors should note that the Rating Agencies may not and are not obliged to respond to any request for a Rating Confirmation within any prescribed timeframe.

In certain circumstances the Note Trustee and/or the Security Trustee (subject, as described above, to it receiving instructions from the Note Trustee) may be required to give their consent to a proposed action on the part of the Obligors. Investors should note that neither the Note Trustee nor the Security Trustee shall be obliged to give any such consent unless in each case it has been indemnified and/or secured to its satisfaction.

Appointment of Administrative Receiver

Under the Issuer Security Deed, the Note Trustee is required to enforce the security created in favour of the Note Trustee pursuant to the Issuer Security Deed by appointing an administrative receiver in respect of the Issuer to prevent an administration proceeding. The Note Trustee is required to appoint an administrative receiver if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the Court. Nothing shall oblige the Note Trustee to indemnify any administrative receiver appointed by it except to the extent of (and from) the cash and assets comprising the security created in favour of the Note Trustee pursuant to the Issuer Security Deed that are held by the Note Trustee at such time and the Note Trustee shall not be liable for any failure to appoint the administrative receiver save in the case of its own gross negligence, wilful default or fraud.

Issuer Post-Enforcement Pre-Acceleration Priorities of Payment

Following service of a Loan Enforcement Notice pursuant to the Issuer/Borrower Loan Agreement, but prior to the service of a Note Enforcement Notice (as defined in the Conditions), all amounts standing to the credit of the Issuer Transaction Account or other funds available to the Note Trustee for such purpose shall be held by the Note Trustee upon trust to be applied in the following order of priority of payment (in

each case only if and to the extent that payments of a higher priority have been made in full (the "**Issuer Post-Enforcement Pre-Acceleration Priority of Payments**"):

1. *first*, in or towards satisfaction of the fees and other remuneration and indemnity payments (if any) payable to the Note Trustee and any Receiver and any costs, fees, liabilities and expenses incurred by the Note Trustee and any Receiver (as the case may be) under the provisions of the Issuer Security Deed, the Trust Deed and any other amounts payable to either of them under the Issuer Security Deed and the Trust Deed;
2. *second*, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of the fees, costs, expenses and liabilities of the Issuer Account Bank, the Cash Administrator (so long as it is not a member of the Securitisation Group), Paying Agents and Agent Bank incurred under the Issuer Cash Administration and Account Bank Agreement and the Agency Agreement;
3. *third*, in or towards satisfaction of payment of all amounts of principal, interest, fees, expenses and other amounts due and payable but unpaid under the Liquidity Facility Agreement, other than the Liquidity Facility Subordinated Amounts (if any);
4. *fourth*, in or towards satisfaction of all amounts of interest due and payable but unpaid under the Class A Notes;
5. *fifth*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable but unpaid under the Class A Notes;
6. *sixth*, in or towards satisfaction of all amounts due and payable to third parties under obligations incurred in the course of the Issuer's business, including the payment of, or provision for, the Issuer's primary liability (if any) to, corporation tax and any corporate service or company secretarial fees and charges;
7. *seventh*, in or towards satisfaction of all amounts of interest due and payable under the Class B Notes;
8. *eighth*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable under the Class B Notes;
9. *ninth*, in or towards satisfaction of the amounts due in respect of Liquidity Facility Subordinated Amounts (if any);
10. *tenth*, in and towards satisfaction of any amounts due to the Borrower in respect of tax refunds if and to the extent that the Issuer has recovered from HM Revenue & Customs any amounts in respect of United Kingdom tax deducted by the Borrower from interest payments made by it to the Issuer under the Issuer/Borrower Loan Agreement; and
11. *eleventh*, any secondary tax liability of the Issuer.

Issuer Post-Enforcement Post-Acceleration Priority of Payments

Following service of a Note Enforcement Notice (as defined in the Conditions), all amounts standing to the credit of the Issuer Transaction Account and other proceeds of enforcement of the Issuer Security or other funds available to the Note Trustee for such purpose shall be held by the Note Trustee upon trust to be applied in the following order of priority of payment (in each case and if and to the extent that payments of a higher priority have been made in full) (the "**Issuer Post-Enforcement Post-Acceleration Priority of Payments**" and together with the Issuer Pre-Enforcement Priority of Payments and the Issuer Post-Enforcement Pre-Acceleration Priority of Payments, the "**Issuer Priority of Payments**"):

1. *first*, in or towards satisfaction of the fees and other remuneration and indemnity payments (if any) payable to the Note Trustee and any Receiver and any costs, fees, liabilities and expenses incurred by the Note Trustee and any Receiver (as the case may be) under the provisions of the Issuer Security Deed, the Trust Deed and any other amounts payable to either of them under the Issuer Security Deed and the Trust Deed;

2. *second*, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of the fees, costs, expenses and liabilities of the Issuer Account Bank, the Cash Administrator (so long as it is not a member of the Securitisation Group), Paying Agents and the Agent Bank incurred under the Issuer Cash Administration and Account Bank Agreement and the Agency Agreement;
3. *third*, in or towards satisfaction of payment of all amounts of principal, interest, fees, expenses and other amounts due and payable but unpaid under the Liquidity Facility Agreement, other than the Liquidity Facility Subordinated Amounts (if any);
4. *fourth*, in or towards satisfaction of all amounts of interest due and payable but unpaid under the Class A Notes;
5. *fifth*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable but unpaid under the Class A Notes (until the Class A Notes have been redeemed in full);
6. *sixth*, in or towards satisfaction of all amounts of interest due and payable but unpaid under the Class B Notes;
7. *seventh*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable due under the Class B Notes (until the Class B Notes have been redeemed in full);
8. *eighth*, in or towards satisfaction of the amounts due in respect of Liquidity Facility Subordinated Amounts (if any);
9. *ninth*, in and towards satisfaction of any amounts due to the Borrower in respect of tax refunds if and to the extent that the Issuer has recovered from HM Revenue & Customs any amounts in respect of United Kingdom tax deducted by the Borrower from interest payments made by it to the Issuer under the Issuer/Borrower Loan Agreement; and
10. *tenth*, the surplus (if any) to the Issuer or other persons entitled thereto.

Governing law

The Issuer Security Deed and any non-contractual obligations arising thereunder are governed by English law although certain Scottish supplemental deeds entered into pursuant to the Issuer Security Deed will be governed by Scots law.

2. The Liquidity Facility Agreement

Under the terms of the Liquidity Facility Agreement entered into between the Liquidity Facility Provider and the Note Trustee on 11 April 2003 (as amended, restated, supplemented and/or varied from time to time), the Liquidity Facility Provider will make available to the Issuer a committed sterling revolving facility to permit drawings to be made of up to £55,000,000 (the "**Available Liquidity Facility**") for a term of 364 days from the Closing Date (the "**Liquidity Facility**"), which term may be renewed from time to time at the option of the Liquidity Facility Provider provided the unexpired term of the Liquidity Facility shall not at any time exceed 364 days and **provided further that** the Liquidity Facility will terminate on the earlier of (i) the later of the Class A Final Maturity Date and the Class B Final Maturity Date, (ii) the day on which the Issuer has redeemed in whole the Class A Notes and the Class B Notes, (iii) the day on which the Liquidity Facility is cancelled in accordance with the terms of the Liquidity Facility Agreement, or (iv) the day on which the Liquidity Facility Provider's commitment is cancelled and reduced to zero in accordance with the terms of the Liquidity Facility Agreement.

The amount of any drawings which will be permitted in respect of payments in connection with Class B Notes will be subject to a limit of 45% of the Available Liquidity Facility (the "**Class B Available Liquidity Facility**"), for as long as any Class A Notes are outstanding. Upon full redemption of the Class A Notes, the Class B Notes will be permitted to draw up to the Available Liquidity Facility.

Drawings under the Liquidity Facility will be permitted in circumstances where the Issuer has insufficient funds available on any Interest Payment Date which falls within such 364-day period to pay in full any of the items specified in paragraphs 1 to 8 (inclusive) under the heading "*The Issuer Cash Administration and Account Bank Agreement*" below or, upon receipt of a request from the Borrower for a liquidity advance pursuant to and in accordance with the Issuer/Borrower Loan Agreement (an "**Issuer/Borrower**

Liquidity Advance"), to make such Issuer/Borrower Liquidity Advance (a "**Liquidity Shortfall**") save that in the case of items 7 and 8 the maximum aggregate amount that can be drawn under the Liquidity Facility Agreement at any time will not exceed the Class B Available Liquidity Facility. Drawings under the Liquidity Facility may not be used to fund payments of early redemption premium on the Notes. Interest will accrue on each Liquidity drawing under the Liquidity Facility from the date of the drawing to the next succeeding Interest Payment Date. The Issuer will be obliged to repay the outstanding balance of any drawings on each Interest Payment Date. Amounts repaid may, subject to certain conditions, be redrawn.

The Liquidity Facility Agreement will provide that (a) if the Liquidity Facility Provider declines to renew the commitment period of the Liquidity Facility (a "**Renewal Liquidity Event**") or (b) the Liquidity Facility Provider's long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least BBB by S&P and BBB+ by Fitch (or such lower ratings provided that any such lower rating would not lead to any downgrade or the placing on "credit watch negative" or equivalent of the then current ratings of the Notes) (the "**LF Minimum Long-Term Ratings**") (a "**Ratings Liquidity Event**"), then the Issuer will be required to use reasonable endeavours to enter into a replacement liquidity facility agreement on substantially the same terms as the Liquidity Facility Agreement with a bank having at least the LF Minimum Long-term Ratings. If the Issuer does not enter into such a replacement liquidity facility agreement within the required time, it shall require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the "**Liquidity Reserve Account**") maintained with the Liquidity Facility Provider if and for so long as it has at least the LF Minimum Long-term Ratings or the Issuer Account Bank or otherwise with a bank, the long-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least the LF Minimum Long-term Ratings, an amount equal to its undrawn commitment under the Liquidity Facility Agreement (the "**Liquidity Reserve Drawing**") which the Issuer shall invest in eligible investments in accordance with the instructions of the Liquidity Facility Provider. If the Liquidity Reserve Account is opened with the Issuer Account Bank, the Issuer shall be obliged to pay any interest which accrues on the Liquidity Reserve Account and any proceeds of eligible investments made in respect of the Liquidity Reserve Drawing to the Liquidity Facility Provider, and such amounts will not be available to the Issuer Secured Creditors generally.

Amounts standing to the credit of the Liquidity Reserve Account which represent the proceeds of a Liquidity Reserve Drawing will be available to the Issuer by way of liquidity drawing in the event of there being a Liquidity Shortfall in the circumstances provided in the Liquidity Facility Agreement. Such a liquidity drawing will accrue interest and be repayable as previously described, except that, until the Liquidity Facility Provider is replaced or the downgrading which gave rise to the Liquidity Reserve Drawing is remedied, repayment will be made into the Liquidity Reserve Account. Any costs incurred by the Issuer in obtaining a replacement liquidity facility or in utilising the Liquidity Facility will be borne by the Borrower.

Upon any enforcement of the Issuer Security Deed, any amounts then standing to the credit of the Liquidity Reserve Account and any interest earned by the Issuer on such account, which represent Liquidity Reserve Drawings (unless drawn as a liquidity drawing) will, together with the realised value of any eligible investment made in respect of the Liquidity Reserve Drawing, be paid to the Liquidity Facility Provider and applied in repayment of the Liquidity Facility and will not be available to the Noteholders.

The Liquidity Facility Agreement and any non-contractual obligations arising thereunder are governed by English law.

3. **The Issuer Cash Administration and Account Bank Agreement**

The Issuer, the Cash Administrator, the Issuer Account Bank, the Note Trustee and the Liquidity Facility Provider entered into an agreement on the Initial Securitisation Closing Date (as amended, restated, supplemented and/or varied from time to time), under which the Cash Administrator provides cash management and investment services on behalf of the Issuer.

Under the Issuer Cash Administration and Account Bank Agreement, the Cash Administrator is appointed, *inter alia*, to (a) manage the transaction account of the Issuer (the "**Issuer Transaction Account**") held by the Issuer Account Bank, and (b) act as agent of the Issuer in connection with the Liquidity Facility in the circumstances set out therein.

Issuer Pre-Enforcement Priority of Payments

Except where the Issuer has received funds from the Borrower in prepayment of the Advances (in which case those funds will be applied as described in "*Description of the Principal Obligor Transaction Documents – The Issuer/Borrower Loan Agreement*" above), prior to service of a Note Enforcement Notice (as defined in the Conditions) or a Security Protection Notice, the Issuer or the Cash Administrator (or, following the service of a Security Protection Notice, the Note Trustee), shall apply amounts standing to the credit of the Issuer Transaction Account (as defined in the Conditions) in the following order of priority (the "**Issuer Pre-Enforcement Priority of Payments**"):

1. *first*, in or towards satisfaction of the fees and other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, fees, liabilities and expenses incurred by the Note Trustee under the provisions of the Issuer Security Deed, the Trust Deed and any other amounts payable to it under the Issuer Security Deed and the Trust Deed;
2. *second*, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of the fees, costs, expenses and liabilities of the Issuer Account Bank, the Cash Administrator (so long as it is not a member of the Securitisation Group), Paying Agents and Agent Bank incurred under the Issuer Cash Administration and Account Bank Agreement and the Agency Agreement;
3. *third*, in or towards satisfaction of all amounts of principal, interest, fees, expenses and other amounts due and payable but unpaid under the Liquidity Facility, other than Liquidity Facility Subordinated Amounts;
4. *fourth*, in or towards satisfaction of all amounts of interest due and payable but unpaid under the Class A Notes;
5. *fifth*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable but unpaid under the Class A Notes;
6. *sixth*, in or towards satisfaction of all amounts due and payable to third parties under obligations incurred in the course of the Issuer's business, including the payment of, or provision for, the Issuer's primary liability (if any) to, corporation tax and any corporate service or company secretarial fees and charges;
7. *seventh*, in or towards satisfaction of all amounts of interest due and payable but unpaid under the Class B Notes;
8. *eighth*, in or towards satisfaction of all amounts of principal and premium (if any) due and payable but unpaid under the Class B Notes;
9. *ninth*, in or towards satisfaction of the amounts due in respect of Liquidity Facility Subordinated Amounts (if any);
10. *tenth*, in and towards satisfaction of any amounts due to the Borrower in respect of tax refunds if and to the extent that the Issuer has recovered from HM Revenue & Customs any amounts in respect of United Kingdom tax deducted by the Borrower from interest payments made by it to the Issuer under the Issuer/Borrower Loan Agreement;
11. *eleventh*, any secondary tax liability of the Issuer; and
12. *twelfth*, the surplus (if any) to the Issuer or other persons entitled thereto.

The Cash Administrator gives the Issuer Account Bank all directions necessary to enable the Issuer Account Bank to operate the Issuer Accounts in accordance with the terms of the Issuer Cash Administration and Account Bank Agreement and normal banking practice but subject always to the terms and provisions of the relevant security documents.

No set-off

The Issuer Account Bank has undertaken not to exercise any rights of set-off, counterclaim or consolidation of accounts in respect of the Issuer Accounts (as defined below).

"Issuer Accounts" means the Issuer Transaction Account, together with any other account of the Issuer which may be opened from time to time pursuant to or in accordance with the Issuer Transaction Documents.

Issuer Account Banks to be Eligible Banks

The Issuer Account Bank has given certain covenants in the Issuer Cash Administration and Account Bank Agreement including that it is an "Eligible Bank". If the Issuer Account Bank ceases to be an Eligible Bank then the Issuer will be required to arrange for the transfer of such accounts to an Eligible Bank acceptable to the Note Trustee.

Termination of appointment of Issuer Account Bank

The appointment of an Issuer Account Bank shall terminate forthwith if such Issuer Account Bank (a) becomes incapable of acting or insolvent, (b) becomes insolvent, (c) is no longer an Eligible Bank or (d) the Issuer Account Bank defaults in performance of any of its obligations under the Issuer Cash Administration and Account Bank Agreement and such default is not cured or waived within three business days of it occurring. In such a case the Issuer shall forthwith appoint a substitute Issuer Account Bank **provided that** such substitute Issuer Account Bank is a reputable and experienced financial institution with at least the Minimum Long-Term Rating and has been previously approved in writing by the Note Trustee and **provided further that** such substitute Issuer Account Bank enters into an agreement in the form of (and on substantially the same terms as) the Issuer Cash Administration and Account Bank Agreement insofar as it relates to the Issuer Account Bank.

If the Issuer Account Bank ceases to have a credit rating from both of the Rating Agencies equal to the Minimum Long-term Ratings, the Issuer and the Cash Administrator shall use reasonable commercial efforts to transfer the Issuer Accounts and balances to a substitute Issuer Account Bank which has a credit rating from both the Ratings Agencies which is equal to the Minimum Long-term Ratings within 60 days of the date on which the Issuer Account Bank no longer has the Minimum Long-Term Rating.

"Eligible Bank" means a bank that is authorised to accept deposits under the Financial Services and Markets Act 2000 and any regulations made thereunder, the long-term unsubordinated, unguaranteed and unsecured debt obligations of which is rated at least with the Minimum Long-Term Rating and is a bank which accepts deposits and pays interest thereon in the ordinary course of business.

"Minimum Long-Term Rating" means, in respect of a person, such person's long-term unsecured debt obligations being rated at least, in the case of Fitch, "BBB+"; and in the case S&P, "BBB".

Governing Law

The Issuer Cash Administration and Account Bank Agreement and any non-contractual obligations arising thereunder are governed by English law.

4. **Tax Deed of Covenant**

Please see "*Description of the Principal Obligor Transaction Documents – Tax Deed of Covenant*" above.

5. **Issuer/Borrower Loan Agreement**

Please see "*Description of the Principal Obligor Transaction Documents – Issuer/Borrower Loan Agreement*" above.

6. **Issuer Master Framework Agreement**

The Issuer, the Principal Paying Agent, the Irish Paying Agent, the Cash Administrator, the Liquidity Facility Provider, the Security Trustee and the Note Trustee have entered into an agreement (as amended, restated, varied and/or supplemented from time to time, the "**Issue Master Framework Agreement**"), the provisions of which are incorporated into some Issuer Transaction Documents by the issuer transaction parties.

USE OF PROCEEDS

The estimated gross proceeds from the issue of the Additional Notes will be approximately £94,000,000.

The Borrower will pay or procure payment of a facility fee under the Issuer/Borrower Loan in an amount equal to all fees and expenses (including any VAT) which will be incurred by the Issuer, the Security Trustee and the Note Trustee in connection with the issue and listing of the Notes.

On the Closing Date, pursuant to the Issuer/Borrower Loan Agreement, the Issuer will apply the gross proceeds of the issuance of the Additional Notes to partially make the Advance to the Borrower in an amount equal to £94,000,000 (the "**Additional Notes Advance Amount**").

On or after the Closing Date, it is intended that the Borrower will apply the Additional Notes Advance Amount to, *inter alia*: (i) partially refinance the Existing Advances; (ii) pay a cash dividend to D2004 which will in turn pay a cash dividend to Dignity plc to enable Dignity plc to effect a return of value to its shareholders (subject to the approval of the shareholders pursuant to a general meeting); (iii) make a payment into the Dignity Pension and Assurance Scheme; and (iv) pay certain fees relating to the transaction. Some of the proceeds of the issuance of the Notes which are paid to Dignity plc via a dividend from D2004 may also be retained by Dignity plc.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 17 July 2002 with company number 04488292 under the name Whiteoption PLC (changed by way of board resolution to Dignity Finance PLC on 5 February 2003) as a public company with limited liability under the Companies Acts 1985 and 1989 (which is also the relevant primary legislation under which the Issuer operates). The registered office of the Issuer is located at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, telephone number 0121 354 1557.

The Issuer's authorised share capital is £100,000 divided into shares of £1 each of which 50,000 ordinary shares have been issued. Two of the issued shares are fully paid-up and 49,998 of which are one quarter paid-up. 49,999 shares are held by Dignity Finance Holdings Limited and the remaining share is currently held by DML. The Issuer gives various negative covenants in the Master Framework Agreement, including not to carry on any other business other than as contemplated in the Transaction Documents. Such covenants limit the ability of any party to abuse its control of the Issuer.

The accounting reference date of the Issuer is 31 December.

The Issuer is a special purpose vehicle and its principal purpose is to issue the Notes and to use the proceeds of the issuance of Notes to make term advances at a margin to the Borrower pursuant to the Issuer/Borrower Loan Agreement.

Directors and Secretary of The Issuer

The Directors of the Issuer and their respective business addresses and other principal activities are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>	<u>Principal Activities</u>
Andrew Richard Davies	British	4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP	Company Director
Stephen Lee Whittern	British	4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP	Company Director
Michael Kinloch McCollum...	British	4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP	Company Director
Richard Harry Portman.....	British	4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP	Company Director

There are no actual or potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or duties.

The Secretary of the Issuer is:

Name	Business Address
Richard Harry Portman.....	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP

Principal Activities

The Issuer's activities are principally the issue of the Notes and the advance of the Issuer/Borrower Loan at a margin and the entry into documents relating to such issue and such advance to which it is expressed to be a party and the exercise of related rights and powers and other activities reasonably incidental thereto. The Issuer has not engaged since its incorporation in any activities other than in connection with the above.

Financial Information

Please see the audited annual financial statements of the Issuer for each of the 52 week periods ended 28 December 2012 and 27 December 2013, which have been incorporated by reference into this Prospectus.

THE BORROWER

Introduction

The Borrower was incorporated in England and Wales on 9 January 2002 (with company number 04349697 under the name Broomco (2781) Limited (changed by way of board resolution to Dignity (2002) Limited on 29 January 2002) as a private company with limited liability under the Companies Act 1985 and 1989 (which is also the relevant primary legislation under which the Borrower operates). The registered office of the Borrower is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, telephone number 0121 354 1557.

The Borrower's issued share capital is £11,000 divided into 110,000,002 ordinary shares of £0.0001 each, all of which are fully-paid and held by D2004. The entire issued share capital of the Borrower has been charged to the Security Trustee under the Security Over Borrower Shares.

Directors and Secretary of the Borrower

The Directors of the Borrower and their respective business addresses and other principal activities are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>	<u>Principal Activities</u>
Andrew Richard Davies	British	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP	Company Director
Stephen Lee Whittern	British	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP	Company Director
Michael Kinloch McCollum...	British	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP	Company Director
Richard Harry Portman.....	British	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP	Company Director

There are no actual or potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or duties.

The Secretary of the Borrower is:

<u>Name</u>	<u>Business Address</u>
Richard Harry Portman.....	4 King Edwards Court King Edwards Square Sutton Coldfield West Midlands B73 6AP

Principal Activities

The Borrower's principal activities are to borrow the proceeds of the issuance of any Notes from the Issuer pursuant to the Issuer/Borrower Loan Agreement and to enter into the transactions discussed in this Prospectus. The Borrower is also the borrower under (a) the DHL Interest-Bearing Loan, and (b) the DHL Non Interest-Bearing Loan.

Please see the Directors' report and consolidated financial statements of the Borrower for the 52 week period ended 28 December 2012 at Appendix 3 and the Directors' report and consolidated financial statements of the Borrower for the 52 week period ended 27 December 2013 at Appendix 2.

THE LIQUIDITY FACILITY PROVIDER

National Westminster Bank Plc ("**NatWest**") is a wholly-owned subsidiary of The Royal Bank of Scotland plc, which in turn is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), a banking and financial services group. The "**Group**" comprises NatWest and its subsidiary and associated undertakings. The Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers. "**RBS Group**" comprises RBSG and its subsidiary and associated undertakings.

RBS Group had total assets of £1,011 billion and owners' equity of £61 billion as at 30 June 2014. RBS Group's capital ratios, as at 30 June 2014, were a total capital ratio of 12.4%, a Common Equity Tier 1 capital ratio of 10.1% and a Tier 1 capital ratio of 10.1%.

The Group had total assets of £344 billion and owners' equity of £15 billion as at 30 June 2014. As at 30 June 2014, the Group's capital ratios were a total capital ratio of 16.8%, a Common Equity Tier 1 capital ratio of 10.1% and a Tier 1 capital ratio of 11.1%.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each class of Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which, will be deposited on or around the Closing Date with a common depositary for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note, relating to the Notes, will be exchangeable in whole or in part for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, on a date not earlier than 40 days after the Closing Date (the "**Exchange Date**") upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Notes unless exchange for interests in the relevant Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Each Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (the "**Definitive Notes**") each with denominations of £100,000 and integral multiples of £1,000 in excess of, at the request of the bearer of the relevant Permanent Global Note against presentation and surrender of such Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs:

- (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so and no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) if, by reason of any amendment to, or change in, the laws or regulations of any applicable jurisdiction (or of any political sub-division thereof) or as a result of any change in the practice of Euroclear and/or Clearstream, Luxembourg, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom, Luxembourg and/or Belgium or any political sub-division thereof or any authority thereof or therein having power to tax, or suffers or will suffer any other disadvantage as a result of such amendment or change, which in either case would not be required if the Notes were in definitive form.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the relevant Permanent Global Note to the bearer of such Permanent Global Note against the surrender of such Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below.

In addition, the Temporary Global Note and the Permanent Global Note (each a "**Global Note**") will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of each Temporary Global Note and each Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Temporary Global Note or (as the case may be) the relevant Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

Notices: Notwithstanding Condition 18 (*Notices to Noteholders*), while all the Notes are represented by Permanent Global Notes (or by Permanent Global Notes and/or Temporary Global Notes) and the Permanent Global Notes (or each Permanent Global Note and/or each Temporary Global Note) are deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg rather than by publication in accordance with Condition 18 (*Notices to Noteholders*), for so long as the Notes are admitted to the Official List of the Irish Stock Exchange, and to trading on its regulated market and the rules of the Irish Stock Exchange so permit. Such notices shall be deemed to

have been given to the Noteholders in accordance with Condition 18 (*Notices to Noteholders*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

Meetings: The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum at a meeting of Noteholders.

Purchase and Cancellation: For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

Each Global Note will be in bearer form. Consequently, in relation to any Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a common depositary for Euroclear and/or Clearstream, Luxembourg will be that common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to completion and amendment) in which they will be set out in the Trust Deed. The Conditions set out below will apply to the Notes whether they are in definitive form or in global form.

The £238,904,000 Class A Secured 3.5456% Notes due 2034 (the "**Class A Notes**") and the £356,402,000 Class B Secured 4.6956% Notes due 2049 (the "**Class B Notes**") and together with the Class A Notes being the "**Notes**", in each case of Dignity Finance PLC (the "**Issuer**") are constituted pursuant to a trust deed made between the Issuer and the Note Trustee (as defined below) as trustee for the Noteholders and the Couponholders dated on or about 11 April 2003 (as amended, restated, varied and/or supplemented from time to time, the "**Trust Deed**").

Any reference to "**Notes**" in these Conditions shall include the Global Notes and the Definitive Notes (each as defined below). In addition, unless otherwise indicated, any reference in these Conditions to a "**class**" of Notes, "**Notes**" or of "**Noteholders**" shall be a reference to the Class A Notes, the Class B Notes and, to the extent any New Notes (as defined below) are issued, the relevant class of New Notes issued or, as the case may be, the respective holders thereof. Any reference in these Conditions to a "**sub-class**" of Notes or of Noteholders shall be a reference to the extent any New Notes are issued to the relevant sub-class of New Notes issued or, as the case may be, the respective holders thereof, unless the context requires otherwise. Any reference in these Conditions to any agreement or deed shall be to such agreement or deed as it may be or have been amended, restated, supplemented or varied from time to time.

The security for the Notes is created pursuant to, and on the terms set out in, a deed of charge (the "**Issuer Security Deed**", which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Closing Date and made between the Issuer, the Note Trustee, the Liquidity Facility Provider, the Cash Administrator, the Issuer Account Bank, the Principal Paying Agent, the Irish Paying Agent and the Agent Bank. Pursuant to an agency agreement (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Initial Securitisation Closing Date as amended, restated and/or supplemented from time to time and made between the Issuer, the Note Trustee, The Bank of New York Mellon SA/NV, Dublin Branch, as Irish Paying Agent (the "**Irish Paying Agent**", which expression includes its successors), The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes its successors and, together with the Irish Paying Agent and such additional or other paying agents, if any, appointed from time to time in respect of the Notes pursuant to the Agency Agreement, the "**Paying Agents**") and The Bank of New York Mellon, London Branch as agent bank (the "**Agent Bank**", which expression includes its successors and, together with the Paying Agents, the "**Agents**") provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes of each class. The statements in these terms and conditions ("**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Issuer Security Deed and the Agency Agreement.

Copies of (a) the Issuer/Borrower Loan Agreement; (b) the DML Inter-Company Loan Security Assignment; (c) the Liquidity Facility Agreement; (d) the Issuer Cash Administration and Account Bank Agreement; (e) the Obligor Cash Administration and Account Bank Agreement; (f) the Tax Deed of Covenant; (g) the Agency Agreement; (h) the Trust Deed; (i) the Issuer Master Framework Agreement; (j) the Working Capital Facility Agreement; (k) the Dormant Company Subordination Deed; (l) the Deeds of Accession (Debenture); (m) the Standard Securities; (n) the Deed of Variation to the Standard Securities; (o) the Issuer Security Deed; (p) the Deed of Accession (Guarantee – APL); (q) the Deed of Retirement and Appointment; (r) the Deed of Accession (Jerseyco); (s) the Guarantee Amendment Agreement; (t) the Borrower Security Documents (u) the Deed of Accession (Obligor Account Bank); (v) DHL Non Interest-Bearing Loan Agreement; (w) any Deed of Accession (Cash Administrator); (x) the Issuer Loan; (y) the Memorandum of Deposit, (z) the Operating Account Loan Novation Agreement; the DFL/D2002 Operating Account Loans Amendment Agreement; the Deed of Accession (Working Capital Facility Provider) (as defined in the Conditions); any Hedging Agreement; the Debenture; the Deeds of Accession (Debenture) (as defined in the Conditions); the Security Trust Deed; the Guarantee; the Floating Charge Deed; the D2004 Floating Charge Deed; the DFL Mortgage Deed; the DFL/DHFS Mortgage Deed; the Dignity (2009) Limited Mortgage Deed; the Security Over DML Shares; the Security Over DHL Shares;

the DHL Intercompany Loan Security Assignment; the Security Over Borrower Shares; the Security Over DH2 Shares; the Security Over D2004 Shares; the Security Over DH3 Shares; the Security Over D2008 Shares; the Security over D2011 Shares; Deed of Accession (Guarantee – D2004) (as defined in the Conditions); Deed of Accession (D2004) (as defined in the Conditions); Deed of Accession (Subordination – D2004) (as defined in the Conditions); Memorandum of Deposit (as defined in the Conditions); Deed of Accession (Cash Administrator) (as defined in the Conditions); (and as such documents may be or may have been amended, supplemented, varied and/or restated from time to time) are obtainable during normal business hours at the Specified Office for the time being of the Principal Paying Agent, being at the date hereof at The Bank of New York Mellon, London Branch and at the Specified Office of the Irish Paying Agent, being at the date hereof at The Bank of New York Mellon SA/NV, Dublin Branch. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Issuer Security Deed, the Agency Agreement and the other Transaction Documents.

1. Definitions

In these Conditions, the following defined terms have the meanings set out below:

"A Tranche" has the meaning given to it in the Issuer/Borrower Loan Agreement;

"Advance" has the meaning given to it in the Issuer/Borrower Loan Agreement;

"Amortisation Amount" has the meaning given to it in Condition 8(b)(i) (*Redemption, Purchase and Cancellation – Scheduled Mandatory Redemption in Part*);

"Ancillary Rights" means in relation to an interest, all ancillary rights, accretions and supplements to such interest, including any guarantees or indemnities in respect of such interest;

"APL" means Advance Planning Limited (registered number 03292336);

"Available Issuer Revenue" means all sums standing to the credit of the Issuer Transaction Account on the Business Day prior to any Interest Payment Date;

"B Tranche" has the meaning given to it in the Issuer/Borrower Loan Agreement;

"Basic Terms Modification" has the meaning ascribed thereto in Schedule 5 (*Provisions for meetings of Noteholders*) to the Trust Deed;

"Benefit" in respect of any interest held, assigned, conveyed, transferred, charged, sold or disposed of by any person includes:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such interest and all Ancillary Rights in respect of such interest;
- (b) all monies and proceeds payable or to become payable under, in respect of or pursuant to such interest or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such interest or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such interest or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such interest or its Ancillary Rights; and

- (e) all items expressed to be held on trust for such person under or comprised in any such interest or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such interest and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such interest and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach;

"Borrower" means Dignity (2002) Limited (registered number 04349697) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"Borrower Chargors" means the chargors under the Borrower Security Documents;

"Borrower Security" means the Security Interest created by or pursuant to the Borrower Security Documents;

"Borrower Security Documents" means the Debenture, Floating Charge Deed, D2004 Floating Charge Deed, DFL Mortgage Deed, DFL/DHFS Mortgage Deed, Dignity Security Trust Deed, Guarantee, (2009) Limited Mortgage Deed, the Security Over DHL Shares, the Security Over DML Shares, the DHL Inter-Company Loan Security Assignment, the DML Inter-Company Loan Security Assignment, the Standard Securities, the Security Over Borrower Shares, the Security Over DH2 Shares, the Security Over D2004 Shares, the Security Over D2008 Shares, the Security Over D2011 Shares, the Security Over DH3 Shares and such other documents granting, creating or evidencing security to the Security Trustee for the payment and discharge of all obligations owing to the Security Trustee and each of the Obligor Secured Creditors from time to time (each as amended, restated, supplemented and/or varied from time to time);

"business day" means a Business Day or, in the case of Condition 9(c)(iii) (*Payments – Presentation on non-business days*), a day on which commercial banks settle payments and are open for general business in the place where any Coupon or Note is presented for payment;

"Business Day" means, unless the context otherwise requires, a day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business in London;

"Cash Administrator" means Dignity Funerals Limited in its capacity as cash administrator to the Issuer and the Securitisation Group, acting through its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP, or such other entity or entities appointed as cash administrator for the Issuer and the Securitisation Group from time to time, subject to and in accordance with the terms of the Issuer Cash Administration and Account Bank Agreement and the Obligor Cash Administration and Account Bank Agreement;

"Class A Definitive Notes" means any Class A Notes issued in definitive bearer form;

"Class A Final Maturity Date" has the meaning given to it in Condition 8(a)(ii) (*Redemption, Purchase and Cancellation – Final Redemption*);

"Class A Rate" has the meaning given to it in Condition 7(c) (*Interest – Rates of Interest on the Notes*);

"Class A Noteholders" means the holders of any Class A Notes;

"Class A Permanent Global Note" means any permanent global note representing any Class A Notes in, or substantially in, the form set out in Schedule 2 (*Forms of Permanent Global Note*) of the Trust Deed;

"Class A Relevant Treasury Stock" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*);

"Class A Temporary Global Note" means any temporary global note representing any Class A Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Note*) of the Trust Deed;

"Class B Definitive Notes" means any Class B Notes issued in definitive bearer form;

"Class B Final Maturity Date" has the meaning given to it in Condition 8(a) (*Redemption, Purchase and Cancellation – Final Redemption*);

"Class B Rate" has the meaning given to it in Condition 7 (*Interest – Rates of Interest on the Notes*);

"Class B Noteholders" means the holders of any Class B Notes;

"Class B Permanent Global Note" means any permanent global note representing any Class B Notes in, or substantially in, the form set out in Schedule 2 (*Form of Permanent Global Note*) of the Trust Deed;

"Class B Relevant Treasury Stock" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part Upon Prepayment under the Issuer/Borrower Loan*);

"Class B Temporary Global Note" means any temporary global note representing any Class B Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Note*) of the Trust Deed;

"Couponholders" means the persons who for the time being are holders of the Coupons;

"Coupons" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"D2004" means Dignity (2004) Limited (registered number 04995412) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"D2008" means Dignity (2008) Limited (registered number 06748901) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"D2011" means Dignity (2011) Limited (registered number 07541182) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"D2014" means Dignity (2014) Limited (registered number 09257172) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"DCL" means Dignity Crematoria Limited (registered number 05029403) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"DC2L" means Dignity Crematoria No. 2 Limited (registered number 08804847) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"DF2L" means Dignity Funerals No.2 Limited (registered number 07541500) and having its registered office at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"Debenture" means the debenture dated on 20 December 2002 (as amended, restated, supplemented and/or varied from time to time) made between the Obligors and the Security

Trustee and includes, where the context so admits, any further or supplemental charge or security granted pursuant thereto;

"Deeds of Accession (Debenture)" means the documents so named dated on the Initial Securitisation Closing Date executed by APL, H.A Harrold & Son Limited, Hodgson Holdings Limited, Broomco (2013) Limited, White Lady Funerals Limited, J.H. Raven Limited, UK Funerals Limited, Howard Jenkins (Edge Hill) Limited, T.&R. O'Brien Limited and H. Dorricott and J. Bent Limited, the document so named dated 17 December 2003 executed by Jonathan Harvey Limited, the document so named dated 10 February 2005 executed by Phillips Holdings (Hertfordshire) Limited, Phillips Funeral Plans Limited, Phillips Funeral Services Limited and Phillips Supplies Limited, the document so named dated 5 July 2005 executed by Philip Ford & Son (Funeral Directors) Limited, the document so named dated 28 July 2005 executed by Hunters Funeral Directors Limited, the document so named dated 15 February 2006 executed by H.R.H. Holdings Limited and Highfield Funeral Service Limited, the document so named dated 16 May 2006 executed by D.J. Thomas (Funeral Directors) Limited, the document so named dated 2 October 2006 executed by Gornalls Funeral Services Limited, the document so named dated 14 December 2006 executed by Woodfield Park Funeral Home Limited, the document so named dated 15 August 2007 executed by C. Powell Funeral Services Limited, the document so named dated 31 March 2008 executed by F.E.J. Green & Sons Limited, the documents so named dated 3 October 2008 executed by Moray Crematorium Holdings Ltd and Moray Crematorium Limited, the document so named dated 7 April 2009 executed by Dignity (2009) Limited, the document so named dated 10 August 2009 executed by T.S. Horlock and Son Limited and Robemanor Limited, the document so named dated 3 March 2010 executed by Hardacres Funeral Directors Limited, the document so named dated 8 July 2010 executed by Bracher Brothers Limited, the document so named dated 30 July 2013 executed by DF2L and each of the DF2L Dormant Obligors pursuant to which each such company acceded to the Debenture as additional chargors;

"Deed of Accession (Guarantee – APL)" means the document so named dated the Initial Securitisation Closing Date executed by APL, whereby APL accedes to the Guarantee as a Guarantor;

"Deed of Accession (Guarantee – D2004)" means the document so named dated on 19 March 2004 executed by D2004, whereby D2004 accedes to the Guarantee as a Guarantor;

"Definitive Notes" means the Class A Definitive Notes, the Class B Definitive Notes and any New Notes issued in definitive form;

"DHL" means Dignity Holdings Limited (registered number 04349716) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"DHL Non Interest-Bearing Loan Agreement" means a letter agreement for the provision of an unsecured non interest-bearing loan facility of £300,000,000 between DHL (as lender) and the Borrower (as borrower) (as amended, restated, supplemented and/or varied from time to time);

"DH2" means Dignity Holdings No.2 Limited (formerly Dignity Limited) (registered number 04349722) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"Dignity" means Dignity plc and its direct and indirect subsidiaries;

"Dignity Party" means any of the Borrower, the Obligors, the Guarantors and the Dormant Companies party to any of the Transaction Documents;

"Dignity plc" means Dignity plc (formerly Dignity Limited, which was formerly Broomco (3040) Limited) (registered number 04569346) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"Dignity Services" means Dignity Services (registered number 02894910) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"DML" means Dignity Mezzco Limited (registered number 04569044) whose registered office is at 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands B73 6AP;

"Dormant Company" means any Dormant Obligor, Dormant Non-Party Company or Dormant Non-Obligor;

"Dormant Company Subordination Deed" means the deed so named dated the Initial Securitisation Closing Date between DFL and certain Dormant Companies;

"Dormant Non-Obligor" means any Non-Obligor which has become dormant (as defined in section 1169 of the Companies Act 2006);

"Dormant Non-Party Company" means each subsidiary of Dignity plc which is not party to the Obligor Transaction Documents and is dormant (within the meaning of section 1169 of the Companies Act 2006) (which companies are listed in Part 4 of Schedule 6 (*Group Structure*) of the Issuer/Borrower Loan Agreement);

"Dormant Obligor" means the companies listed in Part 4 of Schedule 6 (*Group Structure*) of the Issuer/Borrower Loan Agreement and any other Obligor which has become dormant (as defined in section 1169 of the Companies Act 2006);

"Eligible Bank" means an authorised institution under the Financial Services and Markets Act 2000 and any regulations made thereunder, the long term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least the Minimum Long-Term Ratings and is a bank which accepts deposits and pays interest thereon in the ordinary course of business;

"euro" means the single currency introduced at the start of the third stage of the EMU pursuant to the Treaty;

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

"Event of Default" has the meaning given to it in Condition 12 (*Events of Default*);

"Extraordinary Resolution" has the meaning given to it in the Issuer Master Framework Agreement;

"Final Discharge Date" means the date on which the Note Trustee is satisfied that all the Issuer Secured Liabilities have been paid or discharged in full;

"Final Maturity Date" has the meaning given to it in Condition 8(a)(ii) (*Redemption, Purchase and Cancellation – Final Redemption*);

"Fitch" means Fitch Ratings Limited or any successor to its ratings business;

"Further Class A Notes" has the meaning given to it in Condition 20 (*Further and New Note Issues*);

"Further Class B Notes" has the meaning given to it in Condition 20 (*Further and New Note Issues*);

"Further Notes" has the meaning given to it in Condition 20 (*Further and New Note Issues*);

"Global Notes" means the Temporary Global Notes and/or the Permanent Global Notes;

"Gross Redemption Yield" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*);

"Guarantee" means the deed of guarantee granted by Guarantors in favour of the Original Security Trustee as beneficiary dated 20 December 2002 (as amended, restated, supplemented and/or varied from time to time);

"Guarantee Amendment Agreement" means the agreement so named and dated the Initial Securitisation Closing Date between the Security Trustee and the Guarantors, whereby the Guarantors (except Dignity plc) are discharged of their liabilities under the Guarantee insofar as they cover any indebtedness other than the Obligors' and Guarantors' obligations under the Issuer/Borrower Loan Agreement, the Working Capital Facility Agreement and the Hedging Documents (if any);

"Guarantors" means the Obligors (other than the Borrower), D2004, Dignity plc, DH2, DHL and DML;

"Insolvency Event" means, in respect of the Issuer:

- (a) the initiation of or consent to Insolvency Proceedings by the Issuer or any other person and, in the opinion of the Note Trustee, such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (b) the making of an administration order in relation to the Issuer;
- (c) an encumbrancer (excluding the Note Trustee or any Receiver appointed by the Note Trustee) taking possession of the whole or any substantial (in the opinion of the Note Trustee) part of the undertaking or assets of the Issuer;
- (d) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial (in the opinion of the Note Trustee) part of the undertaking or assets of the Issuer (excluding by the Note Trustee or any Receiver) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (e) the making of an arrangement, composition, reorganisation with or conveyance to or assignment for the creditors of the Issuer generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (f) the passing by the Issuer of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up or dissolution of the Issuer (except for a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Note Trustee or by an Extraordinary Resolution);
- (g) the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any substantial (in the opinion of the Note Trustee) part of the undertaking or assets of the Issuer (excluding any Receiver appointed by the Note Trustee);
- (h) otherwise than for the purposes of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Note Trustee or by an Extraordinary Resolution, the Issuer ceasing to carry on business or a substantial (in the opinion of the Note Trustee) part of its business or stopping or threatening to stop payment of, or being unable to, admitting inability to, pay, its debt when due, or being deemed unable to pay its debt pursuant to or for the purposes of any applicable law; or
- (i) the Issuer initiating proceedings under any law for readjustment or deferment of its obligations or any substantial (in the opinion of the Note Trustee) part thereof or any judgment being rendered or an effective voluntary resolution being passed for the dissolution or liquidation or the application for bankruptcy of the Issuer to be made to the relevant courts or to admit the Issuer to a regime of suspension of payments and controlled management,

and for the purposes of this definition any reference to **"Insolvency Proceedings"** shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is incorporated or of any jurisdiction in which the Issuer carries on business;

"Insolvency Official" means, in respect of any company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means the winding-up, dissolution or administration of a company or corporation;

"Instructing Creditor" shall have the meaning given to it in Condition 15(e) (*Modification, Consent and Waiver – Modification and Waiver*);

"Interest" means any asset, agreement, bank account, property or right;

"Interest Amounts" has the meaning given to it in Condition 7(d) (*Interest – Determination of Rates of Interest and Calculation of Interest Amounts*);

"Interest Determination Date" means each Interest Payment Date or in the case of the first Interest Period relating to the Notes, the Closing Date; and, in relation to an Interest Period, the **"related Interest Determination Date"** means the Interest Determination Date which falls on the first day of such Interest Period;

"Interest Payment Date" has the meaning given to it in Condition 7(b) (*Interest – Interest Payment Dates and Interest Periods*);

"Interest Period" has the meaning given to it in Condition 7(b) (*Interest – Interest Payment Dates and Interest Periods*);

"Interest Rates" has the meaning given to it in Condition 7(c) (*Interest - Rates of Interest on the Notes*);

"Interest Residual Amount" has the meaning given to it in Condition 19(a) (*Subordination and Deferral – Interest*);

"Investor Report" means a duly completed report comprising information in respect of the performance of the Obligors for the Relevant period ending on each Quarter End Date;

"Investor Website" means the secure website in relation to the transaction that can only be accessed by the Noteholders and Transaction Parties;

"Irish Stock Exchange" means the Irish Stock Exchange Limited;

"Issuer Account Bank" means the Bank of New York Mellon, London Branch acting through its office at One Canada Square, London E14 5AL, or such other entity or entities appointed as the Issuer Account Bank pursuant to the Issuer Cash Administration and Account Bank Agreement;

"Issuer Accounts" means the Issuer Transaction Account, together with any other account of the Issuer which may be opened from time to time pursuant to or in accordance with the Issuer Transaction Documents;

"Issuer/Borrower Loan Agreement" means the facility agreement dated on or about the Initial Securitisation Closing Date and made between, *inter alios*, the Obligors, the Issuer, the Borrower the Note Trustee and the Security Trustee (as amended, restated, supplemented and/or varied from time to time);

"Issuer Cash Administration and Account Bank Agreement" means the cash administration and account bank agreement dated on or about the Initial Securitisation Closing Date and made between, *inter alios*, the Issuer, the Cash Administrator, the Note Trustee and the Security Trustee or any replacement issuer cash administration and account bank agreement entered into by the Issuer with the consent of the Note Trustee (as amended, restated, supplemented and/or varied from time to time);

"Issuer Loan" means the £100 loan agreement dated 20 December 2002 between the Issuer as lender and the Borrower as borrower;

"Issuer Master Framework Agreement" means a framework agreement dated on or about the Initial Securitisation Closing Date, in relation to the Issuer Transaction Documents and made between, *inter alios*, the Issuer and the Note Trustee (as amended, restated, supplemented and/or varied from time to time);

"Issuer Post-Enforcement Pre-Acceleration Priority of Payments" means the provisions relating to the order of priority of payments identified as the Issuer Post-Enforcement Pre-Acceleration Priority of Payments set out in the Issuer Security Deed;

"Issuer Post-Enforcement Post-Acceleration Priority of Payments" means the provisions relating to the order of priority of payments identified as the Issuer Post-Enforcement Post-Acceleration Priority of Payments set out in the Issuer Security Deed;

"Issuer Post-Enforcement Priorities of Payment" means the Issuer Post-Enforcement Pre-Acceleration Priority of Payments and the Issuer Post-Enforcement Post-Acceleration Priority of Payments;

"Issuer Pre-Enforcement Priority of Payments" means the provisions relating to the order of priority of payments from the Issuer Accounts set out in the Issuer Cash Administration and Account Bank Agreement;

"Issuer Secured Creditors" means (a) the Note Trustee (for itself and for and on behalf of any of the other persons referred to in this definition), (b) the Noteholders, (c) the Liquidity Facility Provider, (d) the Issuer Account Bank, (e) the Paying Agents, (f) the Agent Bank, (g) any Receiver appointed under the Issuer Security Deed, (h) the Cash Administrator (so long as it is not a Dignity Party) and such other creditor who may be a party to, or accede to, the terms of the Issuer Security Deed from time to time in accordance with the terms thereof and is designated an Issuer Secured Creditor;

"Issuer Secured Liabilities" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Issuer Secured Creditors under the Notes or any of the Issuer Transaction Documents;

"Issuer Security" has the meaning given to it in Condition 4 (*Security*);

"Issuer Security Deed" means the deed of charge dated on or about the Closing Date and made between, among other persons, the Issuer, the Liquidity Facility Provider, the Cash Administrator, the Issuer Account Bank, the Paying Agents, the Agent Bank and the Note Trustee and includes any deed or other document expressed to be supplemental thereto or any amendments or modifications made thereto;

"Issuer Transaction Account" means an account known as the **"Issuer Transaction Account"**, held in the name of the Issuer and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Cash Administration and Account Bank Agreement or such other account as may be opened, with the consent of the Note Trustee, at any branch of the Issuer Account Bank or at an Eligible Bank in replacement of such account;

"Issuer Transaction Documents" means each or any of (a) the Issuer/Borrower Loan Agreement, (b) the Issuer Security Deed, (c) the Liquidity Facility Agreement, (d) the Issuer Cash Administration and Account Bank Agreement, (e) the Agency Agreement, (f) the Trust Deed, (g) the Issuer Master Framework Agreement, (h) the Tax Deed of Covenant, (i) the Dormant Company Subordination Deed, (j) any Deeds of Accessions to the Issuer Transaction Documents (each as amended, supplemented, varied and/or restated from time to time), (k) the Issuer Loan and any other agreement, instrument or deed designated as such by the Issuer (having consulted with the Borrower) and the Note Trustee;

"Jerseyco" means Pitcher & Le Quesne Limited, a company incorporated under the laws of Jersey;

"Junior Notes" means any Notes which are not the Most Senior Class of Notes and a **"Junior Note"** means any one of them;

"Lead Manager" means The Royal Bank of Scotland plc;

"Liabilities" means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, decrees, actions, proceedings or other liabilities whatsoever including legal fees and penalties incurred by that person;

"Liquidity Facility Agreement" means the facility agreement dated on or about the Initial Securitisation Closing Date and made between the Issuer, the Liquidity Facility Provider and the Note Trustee or any replacement liquidity facility agreement entered into by the Issuer with the consent of the Note Trustee (as amended, restated, supplemented and/or varied from time to time);

"Liquidity Facility Provider" means The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc) in its capacity as liquidity facility provider, acting through its branch at West Midlands Corporate Office, 5th Floor, 2 St Philips Place, Birmingham B3 2RB, or such other entity or entities appointed as liquidity facility provider from time to time, subject to and in accordance with the terms of the Liquidity Facility Agreement;

"Listing Rules" means the guidelines for listing and admission to trading for asset backed debt securities of the Irish Stock Exchange;

"Loan Event of Default" has the same meaning set out in the Issuer/Borrower Loan Agreement;

"Loan Payment Date" means each date falling 4 Business Days prior to each Interest Payment Date;

"Material Adverse Effect" means an event or circumstance which (when taken alone or together with any then prevailing event or circumstance) constitutes an adverse change in the assets, financial or trading position of the Obligors as a whole of such significance that:

- (a) the Borrower might reasonably be expected to be unable to perform fully and punctually any of its payment obligations under the Issuer/Borrower Loan Agreement; or
- (b) the Obligors might reasonably be expected to be unable to comply with the financial covenant contained in Clause 14.1 (*EBITDA DSCR Financial Covenant*) of the Issuer/Borrower Loan Agreement; or
- (c) any term of the Issuer/Borrower Loan Agreement might reasonably be expected to cease being legal, valid or binding or, subject to the reservations therein, enforceable.

"Memorandum of Deposit" means the agreement entered into on or about the Initial Securitisation Closing Date, between the Borrower and the Security Trustee in relation to the deposit of the share certificates of Dignity Services;

"Most Senior Class of Notes" means the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding;

"New Notes" has the meaning given to it in Condition 20 (*Further and New Note Issues*);

"Non-Obligor" means DCL and D2008 and any other company which accedes to the Issuer/Borrower Loan Agreement as a Non-Obligor;

"Note Enforcement Notice" has the meaning given to it in Condition 12 (*Events of Default*);

"Noteholders" means the Class A Noteholders, the Class B Noteholders and, if and to the extent that any New Notes are issued, includes the holders of any New Notes and in relation to any Definitive Notes, the bearers of those Definitive Notes;

"Note Principal Payment" has the meaning given to it in Condition 8(c)(v) (Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan);

"Note Trustee" means BNY Trustee Services Limited in its capacity as trustee for the holders from time to time of the Notes pursuant to the Trust Deed and as security trustee for the Issuer Secured Creditors pursuant to the Issuer Security Deed, acting through its office at One Canada Square, London E14 5AL, or such other entity or entities appointed as trustee for the Noteholders and as security trustee for the Issuer Secured Creditors from time to time, subject to and in accordance with the terms of the Trust Deed and the Issuer Security Deed;

"Notices Details" means the notices details set out as Schedule 5 of the Issuer Master Framework Agreement;

"Obligor Account Bank" means The Royal Bank of Scotland plc as agent for National Westminster Bank Plc, acting through its office at West Midlands Corporate Office, 5th Floor, 2 St Phillips Place, Birmingham, B3 2RB, or such other entity or entities appointed as Securitisation Group account bank from time to time, subject to and in accordance with the terms of the Account Bank Agreement;

"Obligor Cash Administration and Account Bank Agreement" means the agreement entered into on the Initial Securitisation Closing Date between, *inter alios*, the Obligors, the Cash Administrator, Lloyds TSB Bank plc as the Obligor Account Bank and the Security Trustee or any replacement Obligor cash administration and account bank agreement entered into by the Obligors with the consent of the Security Trustee and as amended by the amendment agreement dated 8 July 2005 pursuant to which The Royal Bank of Scotland plc replaced Lloyds TSB Bank plc as the Obligor Account Bank (as may be further amended, restated, supplemented and/or varied from time to time);

"Obligor Charged Property" means the property, assets, rights and undertaking of each Obligor that are the subject of the Borrower Security;

"Obligor Secured Liabilities" means all money and liabilities now or in the future due, owing or incurred to the Security Trustee and each Obligor Secured Creditor by any Obligor, under or pursuant to the Obligor Transaction Documents whether on or after such demand, whether actually or contingently, whether solely or jointly with any other person, whether as principal, surety or guarantor and whether or not the relevant Obligor Secured Creditor was an original party to the relevant transaction, including all interest, commission, fees, charges, costs and expenses which each such Obligor Secured Creditor may in the course of its business charge or incur in respect of any member of the Securitisation Group or its affairs and so that interest shall be computed and compounded in accordance with the Obligor Transaction Documents;

"Obligors" means the Borrower, Dignity (2014) Limited, Dignity Services, Dignity Securities Limited, Plantsbrook Group Limited, Birkbeck Securities Limited, Dignity Pre Arrangement Limited, Dignity Funerals Limited, Advance Planning Limited, Bracher Brothers Limited, Dignity (2009) Limited, Dignity Funerals No. 2 Limited, Hardacres Funeral Directors Limited, T.S. Horlock and Son Limited, Phillips Holdings (Hertfordshire) Limited, Hunters Funeral Directors Limited, Philip Ford & Son (Funeral Directors) Limited, Phillips Funeral Services Limited, Phillips Supplies Limited, Phillips Funeral Plans Limited, H.R.H. Holdings Limited, Highfield Funeral Service Limited, D.J. Thomas (Funeral Directors) Limited, Gornalls Funeral Services Limited, Woodfield Park Funeral Home Limited, C. Powell Funeral Service Limited, F.E.J. Green & Sons Limited, Robemanor Limited, Rosspark Limited, Ely Funeral Service Limited, Ken Gregory & Sons Limited, H. Towell Ltd, Henry Smith (Wandsworth) Limited, Thomas Brothers (Wellington and Taunton) Limited, Yew Holdings Limited, The East Riding Crematorium Company Limited, The Haltemprice Crematorium Limited, Warburton Funerals Limited, Malcolm J Presland Limited, B & B Funeral Directors Limited, Armitage (Funeral Directors) Limited, E Hurton & Son Limited, G. M. Charlesworth & Son Limited, S Wellens & Sons Limited, Kenyons Funeral Directors Limited, Wetton Funeral Services Limited, H. J. Whalley & Sons Limited, E. Brigham Funeral Directors Limited, A. Haxby & Sons (Filey) Limited, Henry Naylor (Funeral Directors) Limited, B. Bernard & Sons Limited, Salenew Limited, George Hall & Son Funeral Directors Limited, Frank Stephenson & Son (Funeral

Directors) Limited, H & G Wilde Funeral Directors Limited, F. Kneeshaw & Sons (Funeral Directors) Limited, Davis McMullan Funeral Directors Limited, Jonathan Harvey Limited, Moray Crematorium Holdings Ltd, Moray Crematorium Limited, George S Munn & Company, Limited, Boyce Anderson Motors Limited, Kirkwoods (Funeral Directors) Limited, Funeral Debt Collection Limited, N A Medd Ltd, Derriman & Haynes Funeral Services Limited, and Cumbernauld Funeral Services Ltd and any of their direct or indirect subsidiaries acquired after the Closing Date, and any other companies which may be acquired by the Dignity Group prior to the Closing Date and which accedes as an Obligor in accordance with the terms of the Issuer/Borrower Loan Agreement and a reference to an "**Obligor**" means any one of them;

"Obligor Secured Creditors" means (a) the Security Trustee (for itself and for and on behalf of the other Obligor Secured Creditors), (b) a Hedging Bank (if any) (c) the Working Capital Facility Provider, (d) the Issuer, (e) the Cash Administrator, so long as it is not a member of the Securitisation Group, (f) the Obligor Account Bank and (g) any Receiver appointed under the Debenture;

"Permanent Global Notes" means each Class A Permanent Global Note, each Class B Permanent Global Note and each Permanent Global Note in respect of an issue of New Notes;

"Potential Loan Event of Default" has the same meaning set out in the Issuer/Borrower Loan Agreement;

"Principal Amount Outstanding" of a Note on any date shall be its original principal amount less the aggregate amount of all Amortisation Amounts and Note Principal Payments in respect of such Note which have become due and payable (whether or not paid) since the Closing Date *provided that*, for the purposes of Condition 8 (*Redemption, Purchase and Cancellation*) only, Amortisation Amounts and Note Principal Payments shall be so deducted only if actually paid;

"Principal Receipts" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"Principal Residual Amount" has the meaning given to it in Condition 19(b) (*Subordination and Deferral – Principal*);

"Provisions for Meetings of Noteholders" means the provisions contained in Schedule 3 (*Forms of Definitive Note, Coupon, Receipt and Talon*) to the Trust Deed;

"Quarter End Date" means 31 March, 30 June, 30 September and 31 December of each calendar year;

"Rating Agencies" means Fitch and S&P;

"Rating Test" means where the Rating Agencies have been made aware of any modification, amendment, waiver or consent requested to be made or given in respect of any Transaction Document and the Issuer (in respect of any Issuer Transaction Document) or the Borrower (in respect of any Obligor Transaction Document) as applicable:

- (a) obtains from each of the Rating Agencies confirmation in writing (in such form as may be permitted by the current policy of each Rating Agency from time to time) or, where it has been unable to obtain written confirmation, obtains oral confirmation from an appropriately authorised person at each of the Rating Agencies, that such modification, amendment, waiver or consent would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on "credit watch negative" (or equivalent) and delivers a copy of any such written confirmation to the Note Trustee and the Security Trustee or notifies the Note Trustee and the Security Trustee in writing of any such oral confirmation; or
- (b) certifies in writing to the Note Trustee and the Security Trustee that it has notified the Rating Agencies of the proposed modification, amendment, waiver or consent requested and (i) in its opinion, formed on the basis of due consideration, such modification, amendment, waiver or consent requested would not result in; and (ii) neither of the

Rating Agencies has indicated that the proposed modification, amendment, waiver or consent requested would result in, (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Notes by such Rating Agency or (y) such rating agency placing any Notes on "credit watch negative" (or equivalent).

"Ratings Downgrade" means, in respect of any event, circumstance or matter, written notification from the Rating Agencies, that such event, circumstance or matter would result in the then current rating of the Notes being downgraded;

"Receiver" means any receiver, manager, receiver and manager or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act 1986 and who is appointed:

- (a) by the Security Trustee under Clause 17 (*Appointment and Powers of a Receiver*) of the Debenture in respect of the whole or any part of the Obligor Charged Property;
- (b) by the Note Trustee under Clause 17 (*Appointment and Removal of Receiver*) of the Issuer Security Deed in respect of the whole or any part of the property secured by the Issuer under the Issuer Security Deed; **"Redemption Amount"** has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*);

"Reference Market Makers" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*);

"Relevant Coupons" has the meaning given to it in Condition 9(c)(i) (*Payments – Deductions for Unmatured Coupons for Notes – Deductions for Unmatured Coupons for Notes*);

"Relevant Date" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Facility*);

"Relevant Period" means each period of 12 months ending on the most recent Quarter End Date;

"Relevant Treasury Stock" has the meaning given to it in Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Facility*);

"S&P" means Standard and Poor's Rating Services, a division of Standard and Poor's Credit Market Services Europe Limited or any successor to its rating business;

"Securitisation Group" means the Borrower and each of its direct or indirect subsidiaries;

"Security Interest" means any mortgage, standard security, pledge, lien, charge, assignment, assignation, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security;

"Security Over Borrower Shares" means the agreement between the Security Trustee and D2004 dated 19 March 2004 granting security over D2004's shares in the Borrower (as amended, restated, supplemented and/or varied from time to time);

"Security Over D2004 Shares" means the agreement between the Security Trustee and Dignity plc dated 19 March 2004 granting security over Dignity plc's shares in D2004 (as amended, restated, supplemented and/or varied from time to time);

"Security Over D2008 Shares" means the agreement between the Security Trustee and Dignity plc dated 20 November 2008 granting security over Dignity plc's shares in D2008 (as amended, restated, supplemented and/or varied from time to time);

"Security Over DH2 Shares" means the agreement between the Security Trustee and D2004 dated 19 March 2004 granting security over D2004's shares in DH2 (as amended, restated, supplemented and/or varied from time to time);

"Security Over DHL Shares" means the agreement between the Security Trustee and D2004 dated 19 March 2004 granting security over D2004's shares in DHL (as amended, restated, supplemented and/or varied from time to time);

"Specified Office" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with Clause 13.8 (*Changes in Specified Offices*) of the Agency Agreement;

"Standard Security" means each standard security in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 granted over property located in Scotland in favour of the Security Trustee by a chargor for the payment and discharge of all money and liabilities covenanted and undertaken to be paid or discharged by the chargors under the Debenture and includes any amendment or variation thereof;

"Substitute Cash Administrator" means such other third party as shall be appointed as substitute Cash Administrator upon the resignation or removal of Dignity Funerals Limited as Cash Administrator;

"Talon" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"Tax" means any present or future tax, levy, impost, duty, or other charge or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of a Tax Authority and **"Taxes"**,

"taxation", **"taxable"** and comparable expressions shall be construed accordingly; **"Tax Authority"** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including H.M. Revenue and Customs;

"Tax Deed of Covenant" means the deed of covenant dated on the Initial Securitisation Closing Date and made between, *inter alios*, the Obligors, the Note Trustee and the Security Trustee (as amended, restated, supplemented and/or varied from time to time);

"Temporary Global Notes" means each Class A Temporary Global Note, each Class B Temporary Global Note and each Temporary Global Note in respect of an issue of New Notes or, prior to consolidation, any Further Notes;

"Transaction Document" has the meaning given to it in the Issuer Master Framework Agreement;

"Transaction Party" means any person who is a party to an Issuer Transaction Document, and **"Transaction Parties"** means all of them;

"Treaty" means the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam;

"Trust Deed" means the trust deed entered into on the Initial Securitisation Closing Date between the Issuer and the Note Trustee (as amended, restated, supplemented and/or varied from time to time);

"Trust Documents" means the Trust Deed and the Issuer Security Deed (each as from time to time modified in accordance therewith);

"Working Capital Facility Agreement" means the agreement to provide working capital to the Borrower dated 11 April 2003 between, *inter alios*, the Borrower, the Security Trustee and the Working Capital Facility Provider or any replacement working capital facility agreement entered into by the Borrower with the consent of the Note Trustee and as amended, restated, supplemented and/or varied from time to time;

"Working Capital Facility Provider" means The Royal Bank of Scotland plc (as agent for National Westminster Bank Plc), acting through its branch at West Midlands Corporate Office, 5th Floor, 2 St Philips Place, Birmingham B3 2RB, which provides working capital to the Borrower pursuant to the Working Capital Facility Agreement or such other entity appointed as working capital facility provider from time to time, subject to and in accordance with the Working Capital Facility Agreement;

"Written Resolution" means, in relation to any class of Notes, a resolution in writing signed by or on behalf of holders of Notes representing not less than 75% in aggregate of the Principal Amount Outstanding of such class who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed whether contained in one document or several documents in like form, each signed by or on behalf of one or more such Noteholders.

2. **Form, Denomination and Title**

(a) ***Form and Denomination***

The Notes are in bearer form in the denomination of £100,000 with integral multiples of £1,000 in excess thereof with coupons for payments of interest ("**Interest Coupons**"), receipts for payments of principal ("**Principal Receipts**" and, together with the Interest Coupons, the "**Coupons**") and talons for further Interest Coupons and Principal Receipts (each, a "**Talon**") attached at the time of issue. Title to the Notes and Coupons shall pass by delivery.

(b) ***Title***

The holder of any Note or Coupon may (except as otherwise required by law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note or, as the case may be, Coupon (whether or not it is overdue and regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon) and no person shall be liable for so treating such holder.

3. **Status and Ranking**

(a) ***Status and Ranking of the Class A Notes***

The Class A Notes constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security which secures the Class B Notes as more fully described in Condition 4 (*Security*). The Class A Notes rank *pari passu* without preference or priority amongst themselves.

(b) ***Status and Ranking of the Class B Notes***

The Class B Notes constitute direct, secured, unconditional obligations of the Issuer and are secured by the same security which secures the Class A Notes as more fully described in Condition 4 (*Security*). The Class B Notes rank *pari passu* without preference or priority amongst themselves.

(c) ***Notes as Sole Obligations of the Issuer***

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, the Note Trustee or any of the other Transaction Parties.

(d) ***Priority of Interest Payments***

Prior to enforcement of the Issuer Security, payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, in accordance with the Issuer Pre- Enforcement Priority of Payments.

(e) ***Priority of Principal Payments***

Prior to enforcement of the Issuer Security, payments of principal on the Class A Notes will at all times rank in priority to payments on the Class B Notes, in accordance with the Issuer Pre-Enforcement Priority of Payments.

(f) ***Priorities of Payment***

Prior to the service of a Note Enforcement Notice or a Security Protection Notice, the Issuer or the Cash Administrator (or, following the service of the Security Protection Notice, the Note Trustee) is required to apply amounts standing to the credit of the Issuer Transaction Account in accordance with the Issuer Pre-Enforcement Priority of Payments and, following the service of a Loan Enforcement Notice but prior to service of a Note Enforcement Notice, all amounts standing to the credit of the Issuer Transaction Account or other funds available to the Note Trustee for such purpose shall be held by the Note Trustee upon trust to be applied in accordance with the Issuer Post-Enforcement Pre-Acceleration Priority of Payments.

(g) ***Status and Relationship between the Classes of Notes***

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as a single class as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), but requiring the Note Trustee in any such case to have regard only to the interests of the holders of the Most Senior Class of Notes, if, in the Note Trustee's opinion, there is a conflict between the interests of the holders of any class of Notes outstanding.

So long as any of the Notes remains outstanding, the Note Trustee is not required to have regard to the interests of any persons (other than the Noteholders) entitled to the benefit of the Issuer Security.

The Trust Deed contains provisions limiting the powers of the holders of the lower-ranking classes of Notes, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of holders of each of the other classes of Notes ranking equally or senior to such class. Except in certain circumstances described in Condition 14(e) (*Meetings of Noteholders – Relationship between Classes*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes by reference to the effect thereof on the interests of the holders of the other classes of Notes outstanding, the exercise of which will be binding on all such classes of Notes, irrespective of the effect thereof on their interests.

The Note Trustee shall be entitled to assume, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders (or any class thereof) if the Rating Test is satisfied.

(h) ***Status, Ranking and Relationship between the Notes and the New Notes***

Any New Notes issued will be subordinated to the Class A and Class B Notes. Subject to the foregoing, in the event of an issue of New Notes, the provisions of the Trust Documents, these Conditions and the Agency Agreement, including those concerning:

- (i) the basis on which the Note Trustee will be required to exercise its rights, powers, trusts, authorities, duties and discretions (including in circumstances

where, in the opinion of the Note Trustee, there is a conflict between the interests of any of the Issuer Secured Creditors);

- (ii) the circumstances in which the Note Trustee will become bound to take action, as referred to in Conditions 5 (*Restriction on Enforcement of Issuer Security and No Petition*) and 13 (*Enforcement*);
- (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
- (iv) the order of priority of payments both prior to, and upon, enforcement of the Issuer Security, will be modified in such manner as the Note Trustee considers necessary to reflect the issue of such New Notes and the ranking thereof in relation to the Notes. If any New Notes are issued, the Issuer will immediately advise the Irish Stock Exchange accordingly, lodge a supplementary prospectus with the Irish Stock Exchange and make the supplementary prospectus and any related supplementary agreements available at the Specified Office of the Irish Paying Agent and the Principal Paying Agent.

4. **Security**

As continuing security for the payment or discharge of the Issuer Secured Liabilities (including all monies payable in respect of the Notes and Coupons and otherwise under the Trust Documents (including the remuneration, expenses and other claims of the Note Trustee and any Receiver appointed thereunder)), the Issuer will enter into the Issuer Security Deed on or about the Closing Date to create the following security (the "**Issuer Security**") in favour of the Note Trustee on trust for the Issuer Secured Creditors:

- (i) an absolute assignment by way of security subject to the proviso of reassignment on redemption, of the Benefit of:
 - (A) each Issuer Transaction Document (other than the Trust Deed); and
 - (B) its beneficial rights in respect of each Borrower Security Document;
- (ii) an assignation in security under Scots law subject to the proviso of re-assignation on redemption of the Issuer's beneficial interest in the security trust created under the Security Trust Deed, to the extent not otherwise already charged under the Issuer Security Deed;
- (iii) a first fixed charge of the Benefit of the Issuer Transaction Account and any bank or other accounts in which the Issuer may at any time have or acquire any Benefit (which security interests may take effect as a floating charge and therefore rank behind the claims of certain preferential and other creditors); and
- (iv) a first floating charge over the whole of its undertaking and all its property, assets and rights whatsoever and wheresoever present and future including its uncalled capital but excluding any property or assets from time to time or for the time being effectively charged by way of fixed charge or assigned by way of security (but the foregoing exclusion shall not extend to any Interest of the Issuer, present and future, which is situated in, or the rights to which are governed by, the laws of Scotland, all of which are charged by the floating charge).

Each class of Noteholders will share the benefit of the Issuer Security, upon and subject to the terms thereof.

5. **Restriction on Enforcement of Issuer Security and No Petition**

(a) ***No Enforcement Proceedings or Proceedings against the Issuer***

Subject to Condition 5(b) (*Restriction on Enforcement of Issuer Security and No Petition – Permitted Steps*), each of the Noteholders agrees with the Issuer that, until the expiry of two years and a day after the Final Discharge Date:

- (i) only the Note Trustee is entitled to enforce the Issuer Security or to take proceedings against the Issuer to enforce the Issuer Security or any of the provisions of the Issuer Security Deed;
- (ii) neither it nor any person on its behalf (other than the Note Trustee) shall have any right (A) to take any proceedings against the Issuer to enforce the Issuer Security or (B) to direct the Note Trustee to do so;
- (iii) no Noteholder shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to such Noteholder;
- (iv) neither it nor any party on its behalf (other than the Note Trustee in accordance with the Issuer Security Deed) shall initiate or join any person in initiating an Insolvency Event; and
- (v) it shall not be entitled to take any steps or proceedings which would result in the Issuer Priorities of Payment not being observed.

(b) ***Permitted Steps***

Without prejudice to certain of the rights of the Issuer Secured Creditors as set out in the Issuer Security Deed, Condition 5(a) (*Restriction on Enforcement of Issuer Security and No Petition – No Enforcement Proceedings or Proceedings against the Issuer*) shall not prevent any Noteholder from taking any steps against the Issuer pursuant to the Issuer Transaction Documents (other than the Trust Deed) so long as such steps do not amount to the initiation or the threat of initiation of an Insolvency Event or the initiation or threat of initiation of legal proceedings for the purpose of obtaining payment of any amount due to such Issuer Secured Creditor from the Issuer.

(c) ***Full Recourse Obligations***

Subject to the foregoing, the obligation of the Issuer to make payments when due and payable in accordance with these Conditions or under any Issuer Transaction Document will be unconditional full recourse obligations.

6. **Covenants**

(a) ***Restrictions***

Save with the prior written consent of the Note Trustee or as provided in, or envisaged by, any of the Issuer Transaction Documents or the Conditions, the Issuer shall not, so long as any Note remains outstanding:

- (i) ***Negative Pledge***
create or permit to subsist any Security Interest (unless arising by operation of law) over any of its assets or undertaking, present or future (including any uncalled capital);
- (ii) ***Restrictions on Activities***
 - (A) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Issuer Transaction Documents provide or envisage that the Issuer will engage;

- (B) have any subsidiaries, any subsidiary undertaking or any employees or premises; or
- (C) amend, supplement or otherwise modify its constitutive documents;
- (iii) *Disposal of Assets*
use, invest, transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein, present or future;
- (iv) *Dividends or Distributions*
pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (v) *Borrowings*
incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any other obligation of any person;
- (vi) *Merger*
Consolidate, amalgamate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (vii) *No Variation or Waiver*
do any act or thing, with the effect that the validity or effectiveness of any of the Issuer Transaction Documents or the priority of the Security Interests created thereby, would be amended, terminated, postponed or discharged, or consent to any variation of, or exercise, any powers of consent or waiver pursuant to the terms of, these Conditions, the Trust Documents or any of the other Issuer Transaction Documents, or permit any party to any of the Issuer Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations, or dispose of any part of the Issuer Security;
- (viii) *Bank Accounts*
have an interest in any bank account other than the Issuer Transaction Account and any other account where it has an interest pursuant to the Issuer Security Deed, unless such account or interest therein is charged to the Note Trustee on terms acceptable to it;
- (ix) *VAT*
form or become part of any group for value added tax purposes with any other company or group of companies;
- (x) *Tax Residence*
do any act or thing, the effect of which would be to make the Issuer resident for tax purposes in any jurisdiction other than the United Kingdom;
- (xi) *UK Withholding Tax*
do any act or thing, or fail to do any act or thing, the effect of which would be that any Obligor would be required to withhold or deduct from any payments by the relevant Obligor to the Issuer under the Obligor Transaction Documents any amount for or on account of any present or future taxes, duties, assessments or

governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein having the power to tax; or

(xii) *Group Payment Arrangements*

enter into arrangements with any other company or companies and/or any tax authority providing for the discharge of any other company's tax liability by it.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Issuer Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion), ***provided that*** such modifications or additions are in accordance with applicable law and do not cause any downgrade in the then current rating of any class of the Notes.

(b) *Cash Administrator*

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a Cash Administrator in respect of the monies from time to time standing to the credit of the Issuer Transaction Account and any other account of the Issuer from time to time. Any appointment of a Substitute Cash Administrator by the Issuer is subject to, among other things, such Substitute Cash Administrator entering into an agreement in the form of (and on substantially the same terms as) the Issuer Cash Administration and Account Bank Agreement and such appointment not resulting in a Ratings Downgrade. Any resignation by the Cash Administrator or a termination of its appointment will not take effect until a Substitute Cash Administrator, previously approved in writing by the Note Trustee, has been duly appointed. The appointment of the Cash Administrator may be revoked by the Issuer by not less than 30 days' notice ***provided that*** such revocation shall not take effect until a Substitute Cash Administrator, approved by the Note Trustee, has been duly appointed.

The appointment of the Cash Administrator shall terminate upon the appointment by the Issuer of a Substitute Cash Administrator if the Cash Administrator becomes incapable of acting or Insolvent or defaults in the performance of any of its obligations under the Issuer Cash Administration and Account Bank Agreement and such default is not cured or waived within three business days of it occurring. In such a case, the Issuer shall appoint a Substitute Cash Administrator as soon as practicable.

7. **Interest**

(a) *Period of Accrual*

Subject to the final paragraph of Condition 7(d) (*Interest – Determination of Rates of Interest and Calculation of Interest Amounts*), each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption, unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the day which is seven days after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 18 (*Notices to Noteholders*)) that upon presentation thereof, such payment will be made, ***provided that*** upon such presentation, such payment is in fact made.

(b) *Interest Payment Dates and Interest Periods*

Interest on the Notes is payable semi-annually in arrears on 30 June and 31 December in each year (or, if such day is not a business day, the preceding business day) (each an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior

thereto. The first such payment in respect of the Notes is due on the Interest Payment Date falling on December 2014 in respect of the Interest Period ending immediately prior thereto.

An "**Interest Period**" means, in respect of the Notes, the period from (and including) the Closing Date to (but excluding) the Interest Payment Date falling in December 2014 and thereafter, for the avoidance of doubt, in respect of the Notes, each subsequent period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

(c) ***Rates of Interest on the Notes***

Each Class A Note bears interest on its Principal Amount Outstanding at the rate of 3.5456% per annum (the "**Class A Rate**"). Each Class B Note bears interest on its Principal Amount Outstanding at the rate of 4.6956% per annum (the "**Class B Rate**") and, together with the Class A Rate, the "**Interest Rates**").

(d) ***Determination of Rates of Interest and Calculation of Interest Amounts***

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Note Trustee and the Paying Agents of and will cause notice thereof to be given to the relevant Noteholders in accordance with Condition 18 (*Notices to Noteholders*) the sterling amounts payable in respect of the relevant Interest Period in respect of each of the Class A Notes and the Class B Notes (the "**Interest Amounts**").

The Interest Amounts shall be calculated by applying the relevant interest rate to the then Principal Amount Outstanding of the relevant Note together with any Shortfall and any Principal Residual Amount payable in accordance with Condition 19 (*Subordination and Deferral*) and dividing the resultant figure by two.

Where it is necessary to compute an amount of interest in respect of any Note for any period which is shorter than an Interest Period, interest in respect of such relevant Note shall be calculated by applying the relevant interest rate to the then Principal Amount Outstanding of the relevant Note together with any Shortfall and any Principal Residual Amount payable in accordance with Condition 19 (*Subordination and Deferral*) and multiplying such sum by the actual number of days in the relevant period from (and including) the date from which such interest amount begins to accrue to (but excluding) the date on which it falls due (the "**Accrual Period**") divided by the product of (A) the actual number of days in such Accrual Period and (B) 2. The resulting figure shall be rounded downwards to the nearest penny.

(e) ***Publication of Interest Amounts and other Notices***

As soon as practicable after receiving notification thereof, the Issuer will cause the Interest Amount applicable to each class of Notes for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Irish Stock Exchange (for so long as the Notes are admitted to trading on the Irish Stock Exchange) and will cause notice thereof to be given in accordance with Condition 18 (*Notices to Noteholders*). The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period.

(f) ***Determination or Calculation by the Note Trustee***

If either the Issuer or the Agent Bank does not at any time for any reason calculate the Interest Amount in accordance with the foregoing Conditions, the Note Trustee will calculate the Interest Amount for each class of Notes, in each case in the manner specified in Conditions 7(a) (*Interest – Period of Accrual*), and 7(d) (*Interest – Determination of Rates of Interest and Calculation of Interest Amounts*) above, and any such calculation shall be deemed to have been made by the Issuer or, as the case may be,

the Agent Bank. In doing so, the Note Trustee shall apply all of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Note Trustee shall, save in the case of manifest error, be final and binding on the Issuer, the Noteholders and the Couponholders.

(g) ***Notification to be Final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7, whether by the Reference Banks (or any of them), the Paying Agents, the Agent Bank or the Note Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Note Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 7(g).

(h) ***Agent Bank***

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be an Agent Bank approved in writing by the Note Trustee. The Agent Bank may not resign until a successor so approved by the Note Trustee has been appointed.

8. **Redemption, Purchase And Cancellation**

(a) ***Final Redemption***

Unless previously redeemed in full or purchased and cancelled as provided in this Condition 8, the Issuer shall redeem:

- (i) the Class A Notes at their Principal Amount Outstanding together with accrued and unpaid interest on the Interest Payment Date falling in December 2034 (the "**Class A Final Maturity Date**"); and
- (ii) the Class B Notes at their Principal Amount Outstanding together with accrued and unpaid interest on the Interest Payment Date falling in December 2049 (the "**Class B Final Maturity Date**" and each of the Class A Final Maturity Date and the Class B Final Maturity Date, a "**Final Maturity Date**").

The Issuer may not redeem the Notes of any class in whole or in part prior to the relevant Final Maturity Date except as provided below in Conditions 8(b) (*Redemption, Purchase and Cancellation – Scheduled Mandatory Redemption in Part*), 8(c) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*) or 8(d) (*Redemption, Purchase and Cancellation – Substitution/Redemption in Whole for Taxation Reasons*), but without prejudice to Condition 12 (*Events of Default*).

(b) ***Scheduled Mandatory Redemption in Part***

- (i) Prior to the service of a Note Enforcement Notice and unless such Notes have been purchased and cancelled pursuant to Condition 8(g) (*Redemption, Purchase and Cancellation – Purchase by the Borrower and Cancellation*) or 8(h) (*Redemption – Purchaser and Cancellation – Cancellation*), the Notes shall, subject to Conditions 8(c) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*) and 8(d) (*Redemption, Purchase and Cancellation – Substitution/Redemption in Whole for Taxation Reasons*), be redeemed in instalments on each relevant Interest Payment Date in an amortisation amount (each an "**Amortisation Amount**") equal to the amount due from the Borrower

to the Issuer in accordance with Clause 9.1 (*Repayment – Scheduled Repayments of Tranches*) or Clause 9.2 (*Repayment – Scheduled Repayments of New Advances*) of the Issuer/Borrower Loan Agreement in respect of a related tranche of the Issuer/Borrower Loan on the immediately preceding Loan Payment Date.

- (ii) On each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer shall pay the Amortisation Amounts in respect of the Notes pursuant to Condition 8(b)(i) (*Redemption, Purchase and Cancellation – Scheduled Mandatory Redemption in Part*) in the order of priority set out in the Issuer Pre-Enforcement Priority of Payments.

(c) ***Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan***

- (i) Prior to the service of a Note Enforcement Notice, on the receipt by the Issuer of a notice from the Borrower under the Issuer/Borrower Loan Agreement of (a) its intention to make a voluntary prepayment of any of the Advances or (b) it's being obliged to make a prepayment on account of the balance on the Principal Reserve Account being at least £5,000,000, or (c) it's being obliged to make a prepayment under the Issuer/Borrower Loan Agreement on account of illegality, the Issuer shall give not less than 30 days' and not more than 60 days' prior written notice (expiring on an Interest Payment Date) to the Noteholders, the Note Trustee and the Paying Agent that it will, to the extent it receives such prepayment proceeds, apply the same in the order set out in paragraphs (A) to (B) below. On receipt of such prepayment proceeds on an Interest Payment Date, the Issuer shall apply such proceeds (subject to the Issuer Priorities of Payment) to redeem the Notes in the order set out in paragraphs (A) to (B) below at the relevant Redemption Amount (defined below), together with accrued but unpaid interest on their Principal Amount Outstanding up to but excluding the Interest Payment Date on which such redemption occurs:

- (A) the Class A Notes in a principal amount equal to the principal amount by which the A Tranche of the Issuer/Borrower Loan was prepaid; and
- (B) the Class B Notes in a principal amount equal to the principal amount by which the B Tranche of the Issuer/Borrower Loan was prepaid.

"Redemption Amount" means, in respect of any redemption made in accordance with the provisions of Condition 8(c)(i) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*), in the case of:

- (A) a Class A Note or a Class B Note redeemed in accordance with Condition 8(c)(i)(a) or (b) at any time, whichever is the higher of:
 - (i) the Principal Amount Outstanding of the Class A Notes, or as the case may be, the Class B Notes which are to be redeemed, or that part of the Principal Amounts Outstanding thereof which is to be redeemed early, and
 - (ii) that price (as reported in writing to the Issuer and the Note Trustee by a financial adviser (the **"financial adviser"**) approved in writing by the Note Trustee) expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Class A Notes or the Class B Notes or such part of the Principal Amount Outstanding thereof which is to be redeemed early on the Relevant Date is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on that date of the Relevant Treasury Stock on the basis of the

arithmetic mean (rounded, if necessary as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date, plus 0.50% and so that for the purposes of this subparagraph: "**Reference Market Makers**" means three brokers and/or gilt-edged market makers selected by the financial adviser and approved in writing by the Note Trustee or such other three persons operating in the gilt-edged market as are selected by the financial adviser and so approved by the Note Trustee; "**Relevant Date**" means the date which is the second London dealing day in the gilt-edged market prior to the date of despatch of the notice of redemption referred to in this Condition 8(c)(i); "**Gross Redemption Yield**" means a yield calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "**Formulae For Calculating Gilt Prices From Yields**" page 4, Section One: Price/Yield Formulae "**Conventional Gilts; Double-Dated And Undated Gilts With Assumed (or Actual) Redemption on a Quasi-Coupon Date**" (published 8 June 1998 as supplemented, amended or replaced from time to time); "**Class A Relevant Treasury Stock**" means such government stock as the financial adviser shall reasonably determine to be the benchmark gilt the maturity of which most closely matches the then average life of the Class A Notes as calculated by one of the Lead Managers; "**Class B Relevant Treasury Stock**" means such government stock as the financial adviser shall reasonably determine to be the benchmark gilt the maturity of which most closely matches the maturity of the Class B Notes as calculated by one of the Lead Managers; and "**Relevant Treasury Stock**" means, in the case of the Class A Notes, the Class A Relevant Treasury Stock and, in the case of the Class B Notes, the Class B Relevant Treasury Stock; or

- (B) a Class A Note or a Class B Note redeemed in accordance with Condition 8(c)(i) at any time, at its Principal Amount Outstanding (or that part of the Principal Amount Outstanding which is to be redeemed early).

Any principal amounts received under 8(c)(i) to be applied in redemption of a sub-class, a class or classes of Notes, in whole or in part, shall upon such application, redeem a *pro rata* share of the aggregate Principal Amount Outstanding of each such class or sub-class of Note (the "**Note Principal Payment**") of such class or sub-class (rounded down to the nearest penny).

(d) ***Substitution/Redemption in Whole for Taxation Reasons***

If the Issuer at any time satisfies the Note Trustee immediately prior to endeavouring to mitigate in the manner referred to below that by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date (in relation to the Notes) or the next Loan Payment Date (in relation to the Issuer/Borrower Loan), the Issuer or the Borrower would be required to deduct or withhold from any payment of principal or interest on the Notes or, as the case may be, the Issuer/Borrower Loan, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or authority thereof or therein having the power to tax (other than, in the case of the Notes, by reason of the relevant holder having some connection with the United Kingdom, as the case may be, other than the holding of the Notes or related Coupons), then the Issuer shall use its reasonable endeavours to mitigate

or procure the mitigation by the Borrower of the effects of the occurrence of such event, including by way of arranging the substitution of another company incorporated in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and as lender under the Issuer/Borrower Loan Agreement and/or the Borrower under the Issuer/Borrower Loan Agreement, as the case may be. The Note Trustee may agree to the substitution of another company in place of the Issuer and/or the Borrower in accordance with and subject to the terms of the Trust Documents. No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Note Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

If the Issuer is unable effectively to mitigate or arrange a substitution as described above and, as a result, the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that the event described above is continuing, then the Issuer may, on any Interest Payment Date, and if it receives a notice of prepayment from the Borrower under the Issuer/Borrower Loan Agreement of its intention to make prepayment of the Issuer/Borrower Loan in accordance with Clause 10.2 (*Voluntary Prepayment of Advances on Reduction or Withholding by the Issuer or Borrower*) thereof, the Issuer shall, redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest on the Principal Amount Outstanding of the Notes up to but excluding the Interest Payment Date on which such redemption occurs, subject to the following:

- (A) that the Issuer has given not more than 60 nor less than 30 days' notice to the Note Trustee and the Noteholders in accordance with Condition 18 (*Notices to Noteholders*); and
- (B) that the Issuer has provided to the Note Trustee:
 - (1) a legal opinion in form and substance satisfactory to the Note Trustee from a firm of lawyers in the Issuer's (or, as the case may be, the Borrower's) jurisdiction (approved in writing by the Note Trustee), opining on the relevant change in tax law;
 - (2) a certificate from two directors of the Issuer or, in the case of a withholding or deduction in respect of payments under the Issuer/Borrower Loan, the Borrower to the effect that the obligation to make the relevant withholding or deduction cannot be avoided by the Issuer or (as the case may be) the Borrower taking reasonable measures; and
 - (3) a certificate from two directors of the Issuer to the effect that the Issuer will have the funds on the relevant redemption date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 8(d) and meet its payment obligations which rank either *pari passu* with or in priority to any Notes under the Issuer Pre-Enforcement Priority of Payments.

Any certificate and legal opinion given by or on behalf of the Issuer may be relied on by the Note Trustee without further investigation and shall be conclusive and binding on the Noteholders.

(e) ***Calculation of Note Principal Payments and Principal Amount Outstanding***

Four business days before each Interest Payment Date, the Issuer shall determine or shall cause to be determined:

- (i) if there is to be a partial redemption of the Notes or any class thereof pursuant to Condition 8(c) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*), the aggregate amount of any Note Principal Payment (including such

Note's share of any Amortisation Amount, if applicable) due on such Interest Payment Date; and

- (ii) the Principal Amount Outstanding of each Note on such Interest Payment Date (after deducting any Note Principal Payment due to be paid on that Interest Payment Date).

Each determination by or on behalf of the Issuer of any Note Principal Payment and the Principal Amount Outstanding of a Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

If the Issuer (or the Agent Bank on its behalf) does not at any time for any reason determine a Note Principal Payment and/or the Principal Amount Outstanding in accordance with the preceding provisions of this paragraph, such Note Principal Payment and/or the Principal Amount Outstanding may be determined by the Note Trustee in accordance with this Condition 8 and each such determination shall be deemed to have been made by the Issuer. Within five business days after each Interest Payment Date, the Issuer will notify the Irish Stock Exchange of the aggregate Principal Amount Outstanding of each class of Notes.

(f) ***Notice of Redemption***

Any such notice as is referred to in Conditions 8(c) (*Redemption, Purchase and Cancellation – Early Mandatory Redemption in Whole or Part upon Prepayment under the Issuer/Borrower Loan*) and 8(d) (*Redemption, Purchase and Cancellation – Substitution/ Redemption in Whole for Taxation Reasons*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified in these Conditions.

(g) ***Purchase by the Borrower and Cancellation***

The Borrower shall be entitled to make market purchases of the Most Senior Class of Notes with funds standing to the credit of the Principal Reserve Account. All such market purchases shall be made at any time before the earlier of (a) the day falling 35 days before the first Loan Payment Date falling at least 35 days after the date (the "**Trigger Date**") on which the amount standing to the credit of the Principal Reserve Account first reached £5,000,000 or more, or (b) the day falling 180 days after the Trigger Date, utilising the full balance on the account ***provided that*** the after-tax overall cost to the Borrower of purchasing the Notes proposed to be purchased with the relevant amount standing to the credit of the Principal Reserve Account (the "**Principal Amount**") is no greater than the after-tax overall cost to the Borrower (in terms of the payments it would be required to make to the Issuer under the Issuer/Borrower Loan Agreement) of the Issuer redeeming such Notes early, to the extent of the Principal Amount, in accordance with the Conditions.

If the Borrower purchases a Note it will be required under the terms of the Issuer/Borrower Loan Agreement, to notify the Issuer and the Note Trustee of such purchase and surrender such Note to the Issuer. Upon surrender of such Note to the Issuer, the Note will be immediately cancelled by the Issuer and the repayment schedule to the Issuer/Borrower Loan Agreement will be adjusted in accordance with Clause 9.3 (*Variations to Repayment Schedule on Prepayment*) of the Issuer/Borrower Loan Agreement.

(h) ***Cancellation***

All Notes redeemed in full or purchased by the Borrower in accordance with Conditions 8(g) or surrendered pursuant to Condition 17 (*Replacement of Notes and Coupons*) will be cancelled upon redemption or surrender, together with any unmatured Coupons and the Talons (if any) appertaining thereto and attached thereto or surrendered therewith, and may not be resold or re-issued.

9. **Payments**

(a) ***Payments of Interest and Principal***

Payments of interest in respect of the Notes will (subject as provided in Conditions 9(c) (*Payments – Deductions for Unmatured Coupons for Notes*) and 9(e)(iii) (*Payments – Payments of Interest on Improperly Withheld or Refused Notes*) below) be made only against presentation and surrender of the relevant Interest Coupons at the Specified Office of any Paying Agent. Payments of principal in respect of the Notes will be made against presentation and surrender of the relevant Principal Receipts (except where, after such surrender, the unpaid principal amount of a Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note) in which case each payment of principal will be made against presentation and surrender of such Note) at the Specified Office of any Paying Agent. Each such payment will be made in sterling at the Specified Office of any Paying Agent by sterling cheque drawn on, or, at the option of the holder, by transfer to a sterling account maintained by the payee with, a bank in London.

(b) ***Payments subject to Fiscal Laws***

Payments of principal and interest in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(c) ***Deductions for Unmatured Coupons for Notes***

(i) ***Deductions for Unmatured Coupons for Notes***

If a Note is presented without all unmatured Coupons and Talons (if any) relating thereto:

- (A) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment, **provided however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; and
- (B) if the aggregate amount of the missing Coupons is greater than the amount of the principal due for payment:
 - (1) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment, **provided however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (2) a sum equal to the aggregate amount of the Relevant Coupons (or, if greater, the amount of principal due for payment) will be deducted from the amount of principal due for payment, **provided however, that** if the gross amount available for

payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum so deducted shall be paid in the manner provided in Condition 9(a) (*Payments – Payments of Interest and Principal*) above against presentation and surrender of the relevant missing Coupons.

(ii) *Presentation on non-business days*

If any Coupon or Note is presented for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to a sterling account in London as referred to in paragraph (a) above) in London, no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Coupon or, as the case may be, of such Note.

(iii) *Payments of Interest on Improperly Withheld or Refused Notes*

If any amount of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 7 (*Interest*) will be paid against presentation of such Note at the Specified Office of any Paying Agent.

(iv) *Other Interest*

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agents outside the United States.

(v) *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse on such Note or Coupon a statement indicating the amount and date of such payment.

(vi) *Exchange of Talons*

On or after the relevant Interest Payment Date on which the final Coupon forming part of a Coupon sheet is surrendered, each Talon forming part of such Coupon sheet may be surrendered at the Specified Office of any Paying Agent for a further Coupon sheet (including a further Talon) but excluding any Coupons in respect of which claims have already become void pursuant to Condition 11 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

(vii) *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9, whether by the Reference Banks (or any of them), the Paying Agents, the Agent Bank or the Note Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Note Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 9.

10. **Taxation**

(a) ***Payments Free of Tax***

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Note Trustee or any Paying Agent is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer, the Note Trustee or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted.

(b) ***No Payment of Additional Amounts***

None of the Issuer, the Note Trustee or any Paying Agent will be obliged to make any additional payments to holders of Notes or Coupons in respect of such withholding or deduction as is referred to in Condition 10(a) (*Taxation - Payments Free of Tax*) above.

(c) ***Taxing Jurisdiction***

If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Kingdom, references in these Conditions to the United Kingdom (as the jurisdiction of the Issuer) shall be construed as references to the United Kingdom and/or such other jurisdiction.

(d) ***Tax Withholding or Deduction not Event of Default***

Notwithstanding that the Issuer, the Note Trustee or any Paying Agent is required to make a withholding or deduction as is referred to in Condition 10(a) (*Taxation - Payments Free of Tax*) above, this shall not constitute an Event of Default.

11. **Prescription**

(a) ***Principal***

Notes and Principal Receipts (which expression shall not in this Condition 11 include Talons) shall become void unless presented for payment within a period of 10 years from the Relevant Date in respect thereof.

(b) ***Interest***

Interest Coupons shall become void unless presented for payment within a period of five years from the Relevant Date in respect thereof.

(c) ***Note or Coupon***

After the date on which a Note or a Coupon becomes void in its entirety, no claim may be made in respect thereof.

12. **Events Of Default**

(a) ***Default Events***

The Note Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25% in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes outstanding or if so directed by or pursuant to an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby become liable or which it may incur by so doing) give notice (a "**Note Enforcement Notice**") to the Issuer and the Note Trustee declaring the Notes to be immediately due and repayable at any time after the happening of any of the following events (each, an "**Event of Default**"):

- (i) non-payment: default is made in the payment of the outstanding interest and/or principal in respect of any of the Most Senior Class of Notes as and when the same ought to be paid in accordance with these Conditions;
 - (ii) breach of other obligations by Issuer: default is made by the Issuer in the performance or observance of any other obligation, representation or warranty binding upon or made by it under the Most Senior Class of Notes, the Trust Documents or any other Issuer Transaction Document and such default continues for a period of thirty days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied, save for where the Note Trustee certifies that in its opinion such default is incapable of remedy when no notice will be required; or
 - (iii) insolvency: an Insolvency Event occurs.
- (b) ***Consequences of Notes becoming Due and Payable and Delivery of Note Enforcement Notice***

Upon the delivery of a Note Enforcement Notice in accordance with Condition 12(a) (*Events of Default – Default Events*) above, all classes of the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Issuer Security shall become enforceable by the Note Trustee in accordance with the Issuer Security Deed.

13. **Enforcement**

- (a) The Note Trustee may, at any time, at its discretion and without notice, take proceedings against the Issuer to enforce the provisions of the Notes or the Trust Documents. At any time after delivery of a Note Enforcement Notice the whole of the Issuer Security shall become enforceable. The Note Trustee shall not be bound to take any such proceedings or steps unless:
 - (i) the Note Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or so requested in writing by the holders of at least 25% in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding to enforce the Issuer Security; and
 - (ii) in all cases, the Note Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith save as mentioned in the Trust Documents.

Enforcement of the obligations of the Issuer under the Notes are subject to the terms of any mandatory United Kingdom provisions that would apply in case of an Insolvency Event.

- (b) In the event that a Loan Enforcement Notice has been served pursuant to the Issuer/Borrower Loan Agreement but no Note Enforcement Notice has been served in respect of the Notes, all amounts standing to the credit of the Issuer Transaction Account or other funds available to the Note Trustee for such purpose will be applied in accordance with the order of priority of payments set out in Clause 15.1 (*Issuer Post-Enforcement Pre-Acceleration Priority of Payments*) of the Issuer Security Deed.
- (c) In the event that the Issuer Security becomes enforceable following delivery of a Note Enforcement Notice, all proceeds of enforcement of the Issuer Security will be applied in accordance with the order of priority of payments set out in Clause 15.2 (*Issuer Post-Enforcement Post-Acceleration Priority of Payments*) of the Issuer Security Deed.

14. **Meetings Of Noteholders**

(a) ***Convening***

The Trust Documents contain provisions for convening separate or combined meetings of the Noteholders of any class or classes to consider any matters relating to the Notes, including the sanctioning by Extraordinary Resolution of any or each class of Noteholders of a modification of that class of Notes (including these Conditions) or the provisions of any of the Transaction Documents.

(b) ***Separate and Combined Meetings***

The Trust Deed provides that:

- (i) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;
- (ii) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Note Trustee shall determine in its absolute discretion;
- (iii) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of more than one class and gives rise to any conflict of interest actual or potential between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class; and
- (iv) an Extraordinary Resolution which in the opinion of the Note Trustee affects the interests of the holders of each and/or both sub-classes within a class and gives or may give rise to a conflict of interest between the holders of each sub-class within that class shall be deemed to have been duly passed and be binding on each of the other sub-classes if passed at a single meeting of the holders of the sub-class which has the greatest aggregate Principal Amount Outstanding at the relevant time.

(c) ***Request from Noteholders***

A meeting of Noteholders of a particular class may be convened by the Note Trustee or the Issuer at any time and must be convened by the Note Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than 10% of the aggregate Principal Amount Outstanding of the outstanding Notes of that class.

(d) ***Quorum***

The quorum at any meeting convened to vote on:

- (i) an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular class or classes of the Notes will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes then outstanding in that class or those classes or, at any adjourned meeting, two or more persons being or representing Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such class or classes; and
- (ii) an Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each class of Noteholders) will be two or more

persons holding or representing in the aggregate not less than 75% of the Principal Amount Outstanding of the Notes then outstanding in the relevant class or classes or, at any adjourned meeting, two or more persons holding or representing not less than in the aggregate 33.33% of the Principal Amount Outstanding of the Notes then outstanding in the relevant class or classes.

(e) ***Relationship between Classes***

In relation to each class of Notes:

- (i) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are Notes outstanding in each such other classes);
- (ii) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking equally with or senior to such class (to the extent that there are Notes outstanding ranking senior to such class) unless the Note Trustee considers that none of the holders of each of the other classes of Notes ranking equally with or senior to such class would be materially prejudiced by the absence of such sanction; and
- (iii) any resolution passed at a meeting of the Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such meeting and whether or not voting and upon all Couponholders of such class or classes and, except in the case of a meeting relating to a Basic Terms Modification, any resolution passed at a meeting of the holders of the Most Senior Class of Notes only duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes and the holders of the Coupons relating thereto.

(f) ***Resolutions in Writing***

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

15. **Modification, Consents And Waivers**

(a) ***Modification and Waiver***

Without prejudice to Condition 15(c) (*Modification, Consents and Waivers - Additional right of modification*) below, the Note Trustee may, from time to time and at any time, without any consent or sanction of the other Issuer Secured Creditors, consent to or waive any breach or proposed breach of, or agree in making any modification to any of the covenants or provisions of the Conditions or any Issuer Transaction Document or Transaction Documents to which it is a party or over which it has security or in respect of which it is required or entitled to instruct the Security Trustee or give its consent to any event, matter or thing, if (a) (other than in respect of any Basic Terms Modification or any provisions of the Trust Documents (as defined in these Conditions) referred to in the definition of Basic Terms Modification) in its sole opinion the interests of the holders of the Most Senior Class of Notes would not be materially prejudiced thereby, or (b) in its sole opinion such modification is required to correct a manifest error or is of a formal, minor, administrative or technical nature or is necessary or desirable for the purposes of clarification, or (c) it is permitted, subject to the satisfaction of specified conditions, under the Conditions or the terms of any Issuer Transaction Documents and such conditions are satisfied, or (d) the Rating Test is satisfied.

(b) ***Notification of Modification and Waiver***

Unless the Note Trustee agrees otherwise, the Issuer shall cause any such modification, waiver or consent to be notified to the Issuer Secured Creditors in writing as soon as practicable thereafter in accordance with the Notices Condition and the relevant Issuer Transaction Documents and any such modification, waiver or consent shall be binding on each of the Issuer Secured Creditors. The Issuer will also notify any such modification, waiver or consent to the Irish Stock Exchange in accordance with its ongoing obligations under the Listing Rules.

(c) ***Additional right of modification***

Notwithstanding the provisions of Condition 15(a) (*Modification and Waiver*) and subject to Condition 15(d) (*Modification, Consents and Waivers - Conditions to additional right of modification*), the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to Condition 15(c)(i), any of the other Issuer Secured Creditors, to concur with the Issuer in making and/or approving any modification (other than in respect of any Basic Terms Modification or any provisions of the Trust Documents referred to in the definition of Basic Terms Modification) to the Trust Deed or the Conditions, any Transaction Document or Issuer Transaction Document (to which it is a party or over which it has security or in respect of which it is required or entitled to instruct the Security Trustee) that the Issuer considers necessary:

(i) for the purpose of (1) complying with, or (2) implementing or (3) reflecting, any change in, the criteria of one or more of the Rating Agencies which may be applicable from time to time, ***provided that:***

(A) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement or reflect such criteria; and

(B) in the case of any modification to any of the covenants or provisions of the Conditions or any Issuer Transaction Document or Transaction Document proposed by any of the Hedging Banks (if any), Issuer Account Bank, Obligor Account Bank, Liquidity Facility Provider or the Working Capital Facility Provider in order for such relevant entity (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid the Hedging Banks (if any), Issuer Account Bank, Obligor Account Bank, the Liquidity Facility Provider or the Working Capital Facility Provider (as the case may be) taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds or obtaining a guarantee or such other action as may be proposed to any Relevant Rating Agency):

I. the Issuer Account Bank, Obligor Account Bank, Liquidity Facility Provider or the Working Capital Facility Provider as the case may be, certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (b)(x) and/or (y) above;

II. either:

(1) the Hedging Bank (if any), Issuer Account Bank, Obligor Account Bank, Liquidity Facility Provider or the Working Capital Facility Provider as the case may be, obtains from each of the Rating Agencies written confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then

current ratings assigned to any Class of the Notes by such rating agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer, the Note Trustee and the Security Trustee; or

- (2) the Hedging Bank (if any), Issuer Account Bank, Obligor Account Bank, Liquidity Facility Provider or the Working Capital Facility Provider as the case may be certifies in writing to the Issuer and the Note Trustee that it has notified the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the notes by such rating agency or (y) such rating agency placing any Notes on rating watch negative (or equivalent);
- (ii) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, ***provided that*** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by the Issuer or the other relevant Transaction Party, as the case may be, pursuant to paragraphs (i) and (ii) above being a "**Modification Certificate**").

(d) ***Conditions to additional right of modification***

- (i) The Note Trustee is only obliged to concur with the Issuer in making and/or approving any modifications (other than in respect of a Basic Terms Modification or any provision of the Trust Documents referred to in the definition of Basic Terms Modification) to this Deed or any other Transaction Document or Issuer Transaction Document to which it is party or over which it has security or in respect of which it is required or entitled to instruct the Security Trustee pursuant to Condition 15(c) (*Modification, Consents and Waivers - Additional right of modification*) if:
 - (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
 - (B) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
 - (C) the consent of each Issuer Secured Creditor (other than the Note Trustee and the Security Trustee) which is a party to the relevant Transaction Document proposed to be modified has been obtained; and
 - (D) the Issuer pays all fees, costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee and each other applicable party, including without limitation, any of the Agents in connection with such modification;
 - (E) the Issuer certifies in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate) that the proposed modification is not a Basic Terms Modification;

other than in the case of a modification pursuant to Condition 15(b)(i)(B)(II) either:

- (F) the Issuer obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any notes on rating watch negative (or equivalent); or
 - (G) the Issuer certifies in the Modification Certificate that it has notified each of the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration, such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any notes on rating watch negative (or equivalent); and
- (ii) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate) that in relation to such modification that (x) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each relevant Class of the proposed modification in accordance with Condition 18 (*Notices to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes in each case specifying the date and time by which Noteholders must respond and has made available at such time the modification documents for inspection by the Noteholders at the registered office for the time being of the Note Trustee during normal business hours, and (y) Noteholders representing at least 10% of the aggregate principal amount outstanding of the Most Senior Class of Notes then outstanding notified pursuant to this paragraph (ii) have not contacted the Issuer and the Principal Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such notes may be held by the time specified in such notice that such Noteholders do not consent to the modification.
 - (iii) If Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding notified pursuant to (ii) above have notified the Issuer and the Principal Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held by the time specified in such notice that such Noteholders do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding notified pursuant to paragraph (ii) above is passed in favour of such modification in accordance with Condition 14 (*Meetings of Noteholders*).
 - (iv) When implementing any modification pursuant to Condition 15(c) (*Modification, Consents and Waivers - Additional right of modification*) (save to the extent that the proposed modification would constitute a Basic Terms Modification), the Note Trustee and the Security Trustee shall not consider the interests of the Noteholders, any other Issuer Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer, the Cash Manager or the relevant Transaction Party, as the case may be, pursuant to Conditions 15(c) (*Modification, Consents and Waivers – Additional right of modification*) and (d) (*Modification, Consents and Waivers – Conditions to additional right of modification*) and shall not be liable to the Noteholders, any other Issuer Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

- (v) The Note Trustee and the Security Trustee shall not be obliged to agree to any modification which has already been, is intended to be or is currently proposed to a Meeting or which, in the sole opinion of the Note Trustee and/or the Security Trustee would have the effect of (x) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and the Security Trustee in this Deed, the Transaction Documents and/or the Conditions.
- (vi) To the extent that any modifications referred to in Condition 15(c) (*Modification, Consents and Waivers – Additional right of modification*) requires the consent of the Security Trustee, the Note Trustee shall (to the extent that it has become obliged to consent to such modification pursuant to this Condition 15 (*Modification, Consents and Waivers*) direct the Security Trustee to consent to such modification.
- (vii) Any such modification pursuant to Condition 15(c) (*Modification, Consent and Waiver - Additional right of modification*) shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (A) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
 - (B) the Issuer Secured Creditors; and
 - (C) the Noteholders in accordance with Condition 18 (*Notices to Noteholders*).

(e) ***The Security Trustee***

The Security Trustee (acting on the instructions of the Note Trustee but otherwise without reference to the Obligor Secured Creditors) may from time to time and at any time, consent to or waive any breach or proposed breach of, or agree in making any modification to, any of the covenants or provisions of the Transaction Documents (other than in respect of any changes to the Borrower Priority of Payments (where consent of all the Obligor Secured Creditors is required) or in respect of any proposal to increase the amount of Working Capital Facility above £5 million (where the consent of the Liquidity Facility Provider, the Working Capital Facility Provider and all the Obligor Secured Creditors ranking below the Working Capital Facility Provider in the Borrower Priority of Payments is required), or the Issuer Transaction Documents) or give its consent to any event, matter or thing, if (a) in its opinion the interests of the Instructing Creditor would not be materially prejudiced thereby, (b) in its opinion such modification is required to correct a manifest error or is of a formal, minor, administrative or technical nature or is necessary or desirable for the purposes of clarification, (c) it is required or permitted, subject to the satisfaction of specified conditions, under the terms of any Transaction Document and such conditions are satisfied, or (d) the Rating Test is satisfied.

Under the terms of the Security Trust Deed the "**Instructing Creditor**" shall be the Issuer ***provided that*** the Note Trustee shall be the Instructing Creditor by virtue of the assignment by the Issuer to the Note Trustee of its rights under the Security Trust Deed.

In addition, to the extent that any modification referred to in Conditions 15(c) (*Modification, Consents and Waivers – Additional right of modification*) requires the consent of the Security Trustee, the Note Trustee shall (to the extent that it has become obliged to consent to such modification pursuant to this Condition 15 (*Modification, Consents and Waivers*) direct the Security Trustee to consent to such modifications and pursuant to the Security Trust Deed, the Security Trustee shall consent to such modifications pursuant to such direction.

(f) ***Further Information***

As further provided in the Trust Deed and the Security Trust Deed certain provisions, including the following, shall apply in relation to any request for any consent, waiver or modification to be given or made by the Note Trustee:

- (i) it shall be the responsibility of any party requesting the Note Trustee to give its consent or to agree to any modification or waiver to provide to the Note Trustee all documents, reports, opinions, financial calculations or other items that may be required to evidence any state of affairs or to support any request for a consent, approval, acknowledgement modification or waiver of any kind;
- (ii) the Note Trustee will not consider any such request until in its sole discretion it determines that it has adequate information to consider the request;
- (iii) the Note Trustee shall be entitled to seek the opinions or views of any person as to any matter which is the subject of a requested consent, approval, acknowledgement, modification or waiver (including where the conditions on which a consent, approval, acknowledgement, modification or waiver will be given or made are set out in the relevant document); and
- (iv) no time period shall be accepted by the Note Trustee within which it is required to respond to any request for any consent, approval, or acknowledgement, modification or waiver.

(g) ***Miscellaneous provisions***

- (i) Where any provision or covenant in any Transaction Document contains a reference to Material Adverse Effect, materiality or like terminology, the Note Trustee shall not itself be required to determine such matters (or the absence thereof) but will instead seek to procure that such matters shall be determined by accountants, valuers or other experts, as the case may be, or by the Noteholders by means of an Extraordinary Resolution.
- (ii) The Note Trustee may display any information it receives in relation to the operation of any Dignity company on a secure part of the Investor Website. The Investor Website will be password protected. Details of the Investor Website address and the password will be available on application to the Note Trustee ***provided that*** each beneficial owner of a Note shall be required to provide the Note Trustee with confirmation of such beneficial owner of a Note's beneficial interest in the Notes (and, in the case of Notes held through a Clearing System in accordance with any procedures of such Clearing System). On each Quarter End Date access to the Investor Website will be suspended and each beneficial owner of a Note will be required to procure the relevant Clearing System through which it holds its Notes to provide further confirmation to the Note Trustee of such beneficial owner of a Note's beneficial interest in the Notes, whereupon such beneficial owner of a Note will be permitted access to the Investor Website for the period until the next Quarter End Date.
- (iii) The Trust Deed and the Security Trust Deed provide that the Note Trustee may rely on certificates or reports from auditors, valuers and/or any other experts whether or not any such certificate or report or engagement letter or other document entered into by the Note Trustee and such auditors, valuers or such other experts in connection therewith contains any limit on liability (monetary or otherwise) of the auditors, valuers or such other experts.

16. **Trustee and Agents**

(a) ***Trustee's Right to Indemnity***

Under the Issuer Transaction Documents, the Note Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed

any liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Note Trustee and its related companies are entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

(b) ***Trustees not Responsible for Loss or for Monitoring***

The Note Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Issuer Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of any person on behalf of the Note Trustee. The Note Trustee shall not be responsible for monitoring the compliance of the Issuer or any of the other Transaction Parties with their obligations under the Issuer Transaction Documents.

(c) ***Regard to Classes of Noteholders***

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Note Trustee will:

- (i) have regard to the interests of the Noteholders as a class and will not have regard to, or be in any way responsible for, any consequence for individual Noteholders or Couponholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- (ii) have regard only to the interests of the holders of the Most Senior Class of Notes if, in the opinion of the Note Trustee, there is a conflict between the interests of any class of Notes outstanding ***provided that***, to the extent that the Most Senior Class of Notes is comprised of one or more subclasses, and there is a conflict between the interests of the holders of such subclasses, the Note Trustee shall have regard to the interests only of the holders of the Notes of the subclass with the greatest Principal Amount Outstanding whilst they remain outstanding.

(d) ***Appointment and Removal of Trustees***

The power of appointing new trustees of the Trust Deed shall be vested in the Issuer, but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes in accordance with the Trust Deed. One or more persons may hold office as trustee or trustees of the Trust Deed, ***provided that*** such trustee or trustees shall be (if there is only one) or include (if there is more than one) a trust corporation. Any appointment of a new trustee of the Trust Deed shall as soon as practicable thereafter be notified by the Issuer to the Note Trustee, the Paying Agents, the Rating Agencies and the Noteholders. The holders of the Most Senior Class of Notes shall together have the power, exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of the Trust Deed. The removal of any trustee shall not become effective unless (a) there remains a trustee of the Trust Deed (being a trust corporation) in office after such removal and (b) the Security Trustee is, pursuant to the provisions of the Security Trust Deed, removed simultaneously with the removal of the trustee of the Trust Deed.

(e) ***Paying Agents solely agents of Issuer***

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Note Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or the Couponholders.

(f) ***Initial Paying Agents***

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (subject to the prior written approval of the Note Trustee) to vary or terminate the appointment of any Paying Agent and to appoint a successor principal

paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Paying Agent.

(g) ***Maintenance of Agents***

The Issuer will at all times maintain a Paying Agent with a Specified Office in Ireland and a Paying Agent in London or a Paying Agent with Specified Offices in Ireland and London respectively, a principal paying agent and an agent bank. The Issuer undertakes that it will ensure that it maintains a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 2627 November 2000 on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such European Union Directive (if such an EU Member State exists).

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 18 (*Notices to Noteholders*).

17. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

18. **Notices to Noteholders**

(a) ***Valid Notices and Date of Publication***

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or if such publication is not practicable, in another appropriate newspaper having general circulation in London, previously approved in writing by the Note Trustee. Any such notice shall be deemed to have been given on the date of first publication.

Whilst the Notes are represented by Global Notes, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if delivered to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders. Any notice delivered to Clearstream Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the date of delivery to Euroclear and Clearstream, Luxembourg.

(b) ***Other Methods***

The Note Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and ***provided that*** notice of that other method is given to the Noteholders in the manner required by the Note Trustee.

(c) ***Couponholders deemed to have Notice***

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.

(d) ***Notices to Stock Exchange and Rating Agencies***

A copy of each notice given in accordance with this Condition 18 shall be provided to the Rating Agencies and the Companies Announcement Office of the Irish Stock Exchange for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require.

19. **Subordination and Deferral**

(a) ***Interest***

In the event that, on any Interest Payment Date, Available Issuer Revenue, after deducting all amounts payable in priority to interest on any class of Junior Notes, after each such deduction (the net amount being an "**Interest Residual Amount**") is not sufficient to satisfy in full the aggregate amount payable in respect of interest on such Notes on such Interest Payment Date, then there shall instead be payable in respect of interest on such Notes on such Interest Payment Date a *pro rata* share of the relevant Interest Residual Amount calculated by dividing the relevant Interest Residual Amount by the Notes of such class then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall (if any) equal to the amount by which the aggregate amount paid in respect of interest on any class of Junior Notes is less than the aggregate amount payable (the "**Shortfall**") in respect of interest on such class of Junior Notes. Such Shortfall shall itself accrue interest at the same rate as that payable in respect of the relevant class of Junior Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the relevant Interest Residual Amount is sufficient to make such payment.

For the avoidance of doubt, subject to Conditions 19(c) (*Subordinations and Deferral – General*) below, non-payment on any Interest Payment Date of any amount which would otherwise be payable under these Conditions but for this Condition 19(a) shall not constitute an Event of Default pursuant to Condition 12 (*Events of Default*) other than failure to pay an amount in respect of the Most Senior Class of Notes.

(b) ***Principal***

In the event that, on any Interest Payment Date, Available Issuer Revenue, after deducting all amounts payable in priority to principal on any class of Junior Notes, (the net amount being a "**Principal Residual Amount**") is not sufficient to satisfy in full the aggregate amount of principal (if any) due, subject to this Condition 19(b), on such Junior Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each such Junior Note, only a *pro rata* share of the relevant Principal Residual Amount calculated by dividing the relevant Principal Residual Amount by the number of such Junior Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on such Junior Notes on any Interest Payment Date in accordance with this Condition 19(b) falls short of the aggregate amount of principal payable (but for the provisions of this Condition 19(b) in respect of such Junior Notes on that date pursuant to Condition 8 (*Redemption, Purchase and Cancellation*)). Such shortfall shall accrue interest at the same rate as that payable in respect of such Junior Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, Available Issuer Revenue, after deducting all amounts payable in priority to principal on such Junior Notes, is sufficient to make such payment. For the avoidance of doubt, while any Class of Notes ranking in priority to the Junior Notes remains outstanding, subject to paragraph (c) below, the non-payment on an Interest Payment Date of any amount which would otherwise be payable under these Conditions but for this Condition 19(b) shall not constitute an Event of Default pursuant to Condition 12 (*Events of Default*). The failure to pay principal on any Junior Notes will

only constitute an Event of Default where there is no class of Notes remaining outstanding which ranks in priority to such Junior Notes.

(c) **General**

Any amounts of principal or interest in respect of the Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 19 together with accrued interest thereon shall in any event become payable on the Final Maturity Date or on such earlier date as the Notes become immediately due and repayable under Condition 12 (*Events of Default*).

(d) **Notification**

As soon as practicable after becoming aware that any part of a payment of interest or principal on any class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 19, the Issuer will give notice thereof to the relevant Noteholders in accordance with Condition 18 (*Notices to Noteholders*) and to the Irish Stock Exchange, so long as the Notes are listed on the Irish Stock Exchange.

20. **Further and New Note Issues**

The Issuer will be entitled (but not obliged) at its option from time to time, without the consent of the Noteholders, to raise further funds by the creation and issue of (a) further Class A Notes (the "**Further Class A Notes**") and/or further Class B Notes (the "**Further Class B Notes**" and, together with the Further Class A Notes, the "**Further Notes**") in each case in bearer form carrying the same terms and conditions in all respects (except in relation to the issue date, the first Interest Period and the first Interest Payment Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A Notes or the Class B Notes, as the case may be, and/or (b) further notes of a new class (the "**New Notes**") which will be in bearer form and will rank subordinate to the Notes (but which will not form a single series with the Class A Notes or the Class B Notes), provided in each case that all the following conditions will be met:

- (i) the aggregate principal amount of all Further Notes and/or New Notes to be issued on such date is not less than £5,000,000; and
- (ii) any Further Class A Notes or Further Class B Notes are assigned the same ratings as the rating of the corresponding class of Notes immediately after the issue of such Further Notes; and
- (iii) the Note Trustee and the Issuer have received written confirmation from the Rating Agencies confirming the then current ratings assigned to the existing classes of Notes then outstanding and such confirmation demonstrates that the ratings of the existing classes of Notes then outstanding will not be downgraded to below the relevant rating applicable on the Closing Date to the corresponding class of Notes as a result of the proposed issue of Further Notes and/or New Notes; and
- (iv) the Note Trustee has received legal opinion(s) reasonably satisfactory to it in relation to the issue of such Further Notes and/or New Notes from a reputable London law firm confirming (a) the matters covered by the legal opinions delivered on the Initial Securitisation Closing Date (b) the subordination and ranking of such Further Notes and/or New Notes, (c) in respect of any Further Notes only, their fungibility with an existing series of Notes and (d) such other matters as the Note Trustee may reasonably require; and
- (v) no Event of Default, Potential Loan Event of Default or Loan Event of Default has occurred or would occur as a result of such issue and no Loan Enforcement Notice or Note Enforcement Notice has been served; and
- (vi) any such Further Note and/or New Note shall be constituted by a further deed or deeds supplemental to the Trust Deed and shall be secured by the same security as any Initial Notes pursuant to the Issuer Security Deed; and

- (vii) an amount equal to the net proceeds of such Further Notes and/or New Notes is used to make a loan to the Borrower pursuant to the Issuer/Borrower Loan Agreement and the conditions precedent therein for a Further Advance or New Advance are satisfied; and
- (viii) an accession deed to the Tax Deed of Covenant or, if required by the Note Trustee (acting reasonably), an amended and restated Tax Deed of Covenant is entered into in a form satisfactory to the Note Trustee.

Any such Further Note and/or New Note shall be secured by the Issuer Security. Any such Further Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of the Issuer Security pursuant to the Issuer Security Deed as described above in Condition 4 (*Security*). The provisions of Condition 3(h) (*Status and Ranking – Status, Ranking and Relationship between the Notes and the New Notes*).

The Issuer shall give notice to Noteholders in accordance with Condition 18 (*Notice to Noteholders*) that the conditions described in this Condition 20 have been or will be met on the date of issue of such Further Notes or New Notes, as the case may be.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%).

22. **Third Party Rights**

These Conditions confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of a third party which exists or is available aside from the contracts (Rights of Third Parties) Act 1999.

23. **Governing Law**

Each of the Issuer Transaction Documents, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law (other than certain aspects of the Issuer Transaction Documents specifically relating to Scottish assets or terms thereof particular to Scots law, which are governed by, and shall be construed in accordance with, Scots law or certain aspects of the Issuer Transaction Documents specifically relating to Northern Irish assets or terms thereof particular to Northern Irish law, which are governed by, and shall be construed in accordance with, Northern Irish law).

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current law and practice in the United Kingdom as at the date of the Prospectus relating to the withholding tax treatment of the Notes under United Kingdom law. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons, including dealers and persons who own the Notes as trustee, nominee or otherwise on behalf of another person.

The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Taxation of Interest Paid

The Notes will constitute "**quoted Eurobonds**" *provided that* they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of the Irish Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate, currently 20%, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.

Information may also be required to be reported in accordance with regulations made pursuant to the European Union Savings Tax Directive (see below).

European Union Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to

such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

Other Rules Relating to United Kingdom Withholding Tax

Where Notes are to be, or may fall to be, redeemed at a premium, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "**interest**" above mean "**interest**" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "**interest**" or "**principal**" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

U.S. FOREIGN ACCOUNT TAX COMPLIANCE WITHHOLDING

In order for the Issuer and financial institutions through which payments on or with respect to the Notes are made to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), the Issuer and financial institutions through which payments on or with respect to the Notes are made may be required to withhold at a rate of up to 30 % on all, or a portion of, payments in respect of the Notes made after 31 December 2016. This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published unless the Notes are characterised as equity for U.S. federal income tax purposes.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary for Euroclear and Clearstream, Luxembourg, given that each of the entities in the payment chain between the Issuer and the participants in Euroclear and Clearstream, Luxembourg is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of Euroclear and Clearstream, Luxembourg. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

General

The Royal Bank of Scotland plc (the "**Arranger**" and the "**Lead Manager**") of 135 Bishopsgate, London EC2M 3UR has, in a subscription agreement dated on or about 13 October 2014 (the "**Subscription Agreement**") and made between the Issuer, the Obligors, the Guarantors, the Arranger and the Lead Manager and upon the terms and subject to the conditions contained therein, agreed with the Issuer (subject to certain conditions) to procure the subscription for or subscribe and pay for the Additional Class A Notes at the issue price of 100% of their principal amount and the Additional Class B Notes at the issue price of 100% of their principal amount. The Lead Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Additional Notes.

United States of America

The Additional Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Additional Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Additional Notes, as part of their distribution at any time or otherwise, until 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Additional Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Additional Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under The Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Additional Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Additional Notes to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Additional Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **"offer of Notes to the public"** in relation to any Additional Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe the Additional Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

The Lead Manager has represented and agreed that:

- (a) Financial Promotion: 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 Additional Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Additional Notes in, from or otherwise involving the United Kingdom.

The Lead Manager has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with Part VI of FSMA, having applied for the admission of the Additional Notes to the Official List of the Irish Stock Exchange and admission to trading on the Irish Stock Exchange, no further action has been or will be taken in any jurisdiction by the Lead Manager that would, or is intended to, permit a public offering of the Additional Notes, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material in relation to the Additional Notes, in any country or jurisdiction where such further action for that purpose is required.

Investor Compliance

The Lead Manager has undertaken to comply with all applicable laws and regulations and directives in each country or jurisdiction in which it purchases, offers, sells or delivers the Additional Notes or possesses, distributes or publishes this Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Additional Notes.

Persons into whose hands this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, or deliver Notes or receive, have in their possession, distribute or publish this Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by resolutions of the Board of Directors of the Issuer passed on 12 September 2014.
2. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market on or around the Closing Date.
3. Any grant of such application will be subject to the issue of Temporary Global Notes. The admission and listing of the Notes will be cancelled if any of the Temporary Global Notes are not issued.
4. It is expected that the Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and ISIN for each class of Notes will be as follows:

	<u>Common Code</u>	<u>ISIN</u>
Class A Notes	111529582	XS1115295823
Class B Notes	111529663	XS1115296631

5. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or the Borrower is aware) which may have, or have had, during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer, the Borrower or the rest of the Securitisation Group.
6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in its ordinary course of business other than a subscription agreement in respect of each issuance of the Initial Securitisation Notes ("**Initial Subscription Agreement**") and the Subscription Agreement.
7. There has been no material adverse change in the financial position or prospects of the Issuer or the Borrower since 27 December 2013 (being the date of the most recent audited financial statements of the Issuer and the Borrower, respectively).
8. There has been no significant change in the financial or trading position of the Issuer, the Borrower, or the rest of the Securitisation Group since 27 December 2013 (being the date of the most recent audited financial statements of the Issuer and the Borrower).
9. Save as described in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
10. The Issuer confirms that the information contained in this Prospectus in respect of each of the Obligors and the Guarantors has been accurately reproduced from information published by the relevant Obligor or Guarantor and so far as it is aware and is able to ascertain from information published by the Obligors, no material facts have been omitted which would render the reproduced information inaccurate or misleading.
11. After the issue of the Notes, the Investor Report (see "*Description of the Obligor Transaction Documents – Issuer/Borrower Loan Agreement – Covenants regarding the Provision of Financial Information*") will be made available to Noteholders on the Investor Website (as described above in "*Transaction Summary – Investor Website*") and at the specified office for the time being of the Principal Paying Agent.
12. Copies of the following documents (together with any amendment or supplementing documents in relation thereto, from time to time) may be inspected during usual business hours at the specified offices of the Irish Paying Agent and at the registered office of the Issuer in electronic form for as long as the Notes are outstanding:
 - (a) Memorandum and Articles of Association of the Issuer;

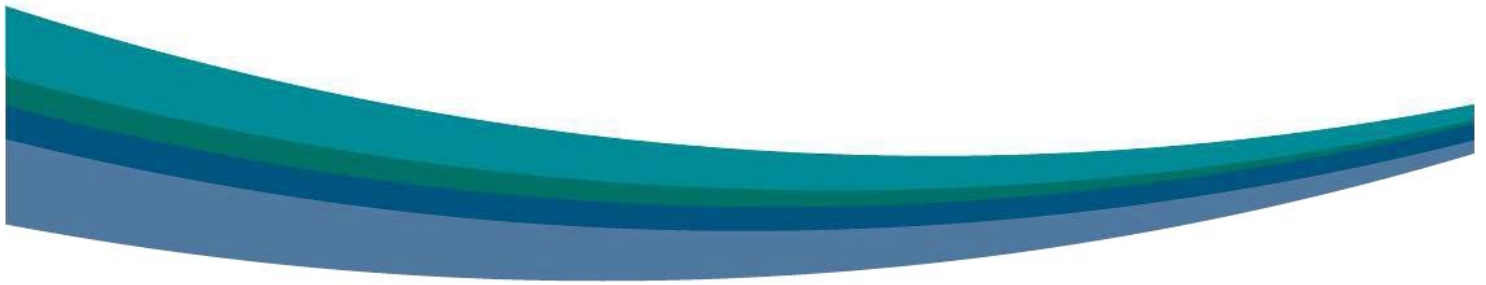
- (b) Memorandum and Articles of Association of the Borrower;
- (c) the Issuer/Borrower Loan Agreement;
- (d) the DHL Non Interest-Bearing Loan Agreement;
- (e) the Operating Account Loan Novation Agreement;
- (f) the DFL/D2002 Operating Account Loans Amendment Agreement;
- (g) the Deed of Accession (Working Capital Facility Provider) (as defined in the Conditions);
- (h) the Issuer Security Deed;
- (i) the Liquidity Facility Agreement;
- (j) the Issuer Cash Administration and Account Bank Agreement;
- (k) any Hedging Agreement;
- (l) the Obligor Cash Administration and Account Bank Agreement;
- (m) the Tax Deed of Covenant;
- (n) the Agency Agreement;
- (o) the Trust Deed;
- (p) the Issuer Master Framework Agreement;
- (q) the Working Capital Facility Agreement;
- (r) the Dormant Company Subordination Deed;
- (s) the Debenture;
- (t) the Deeds of Accession (Debenture) (as defined in the Conditions);
- (u) the Standard Securities;
- (v) the Deed of Variation to the Standard Securities;
- (w) the Security Trust Deed;
- (x) the Deed of Retirement and Appointment;
- (y) the Guarantee;
- (z) the Floating Charge Deed;
- (aa) the D2004 Floating Charge Deed;
- (bb) the DFL Mortgage Deed;
- (cc) the DFL/DHFS Mortgage Deed;
- (dd) the Dignity (2009) Limited Mortgage Deed
- (ee) the Security Over DML Shares;
- (ff) the Security Over DHL Shares;
- (gg) the DHL Intercompany Loan Security Assignment;

- (hh) the Security Over Borrower Shares;
 - (ii) the Security Over DH2 Shares;
 - (jj) the Security over D2004 Shares;
 - (kk) the Security Over DH3 Shares;
 - (ll) the Security Over D2008 Shares;
 - (mm) the Security over D2011 Shares;
 - (nn) the DML Intercompany Loan Security Assignment;
 - (oo) the Issuer Loan;
 - (pp) Deed of Accession (Guarantee – D2004) (as defined in the Conditions);
 - (qq) Deed of Accession (Guarantee – APL) (as defined in the Conditions);
 - (rr) Deed of Accession (D2004) (as defined in the Conditions);
 - (ss) Deed of Accession (Subordination – D2004) (as defined in the Conditions);
 - (tt) Memorandum of Deposit (as defined in the Conditions);
 - (uu) Deed of Accession (Jerseyco) (as defined in the Conditions);
 - (vv) Deed of Accession (Obligor Account Bank) (as defined in the Conditions);
 - (ww) Deed of Accession (Cash Administrator) (as defined in the Conditions);
 - (xx) the DTZ Report;
 - (yy) the audited financial statements of the Issuer for the 52 week periods ended 28 December 2012 and 27 December 2013; and
 - (zz) the audited financial statements of the Borrower for the 52 week periods ended 28 December 2012 and 27 December 2013 and the investor report of the Borrower for the 52 week period ended 27 December 2013.
13. Ernst & Young LLP, registered office 1 More London Place, London SE1 2AF, are the independent auditors to the Issuer, Borrower and the Obligors. Prior to June 2014 Pricewaterhouse Coopers LLP were the independent auditors to the Issuer, Borrower and the Obligors.
 14. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
 15. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
 16. Any reference to any websites in this Prospectus is for information purposes only and such websites shall not form part of this document.
 17. The Issuer may, on or after the date of this Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in the

Republic of Ireland to be issued by the Central Bank to the competent authority in any Member State.

18. The estimated expense of admission to trading on the regulated market of, and listing on, the Irish Stock Exchange is €3,291.20.

APPENDIX 1
PROPERTY PORTFOLIO VALUATION



Report and Valuation as at 8 September 2014

for

**Dignity Finance Plc The Royal Bank of
Scotland Plc and BNY Mellon Corporate
Trustee Services Limited.**

A Portfolio of Funeral Homes and Crematoria

DTZ, a UGL company
125 Old Broad Street
LONDON
EC2N 1AR

08 September 2014

Job No: 1411WT00

transforming the world
of property services

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Appendices

Appendix A: DTZ Letter Confirming the Terms of the Engagement

Appendix B: List of Properties

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Your Ref: Project Hebe
8 September 2014

Dignity Finance Plc
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King Edwards Square
Sutton Coldfield
West Midlands
(the "Issuer")

125 Old Broad Street
LONDON
EC2N 1AR

Telephone: 020 3296 3000
Facsimile: 020 3296 3100

www.dtz.com

The Royal Bank of Scotland plc
135 Bishopsgate
London, EC2M 3UR
(the "Arranger")

BNY Mellon Corporate Trustee Services
Limited One Canada Square
London, E14 5AL

Dear Sirs

Opinion of value as at 8 September 2014 of a Portfolio of Funeral Homes and Crematoria Properties

1 Introduction

In accordance with instructions received from Dignity plc (the "Company"), which were confirmed in a letter dated 5 September 2014, in connection with the proposed Bond Issue (the "Transaction") to be arranged by the Royal Bank of Scotland plc ("RBS") backed by security over, inter alia, the freehold and leasehold interests of the Properties within the ownership of the Company (the "Portfolios" or the "Properties"), we report herein (the "Report") our opinion of Market Values of the Portfolios as at 8 September 2014 (the "Valuation Date").

As referred to in section 4, in accordance with our instructions we have qualified the definition of Market Value by assuming in the case of our valuation that each property may be used only for its existing use only which is either a funeral parlour use or a crematoria use or a use ancillary thereto for the foreseeable future. No regard has been had to potential alternative uses.

The Properties are held within 2 portfolios collectively known as the "Portfolios" or the "Properties", namely the "Funeral Home Portfolio" also the "Funeral Home Properties" and the "Crematoria Portfolio" also the "Crematoria Properties". The Market Values set out below show the value of each of the above mentioned Portfolios. Each of the Portfolios is therefore treated as a separate entity and the Market Values do not represent the aggregate value of the individual properties within each portfolio.

The list of properties comprising the Portfolios is attached at Appendix B.

With respect to each of the Portfolios it is considered that the most likely form of disposal of the properties would be as part of the existing ongoing business structure of the respective Portfolios, and that the businesses and property assets would be sold together. It is therefore considered that the most appropriate method of assessing value is to treat the Properties as operational entities so that their value is directly linked to the financial performance of the activities undertaken using these properties.

The Funeral Home Portfolio and the Crematoria Portfolio have been subject to separate valuations. Valuation Practice Guidance - Application 8 of the RICS Valuation – Professional Standards 2014 (the “Red Book”) states that the valuer should generally ‘lot’, or group the properties for valuation in the manner most likely to be adopted in the case of an actual sale of the interests being valued. It is considered that the most likely form of disposal would be as single portfolios or as a number of portfolios within each of the Funeral Home Portfolio and the Crematoria Portfolio because we believe this most accurately reflects the circumstances in which they would be offered for sale as an integral part of each business.

The Portfolios comprise properties owned and managed by the Company and total 329 freehold properties, 29 long leasehold properties and 377 short leasehold properties. In aggregate there are 735 properties. Long leasehold is defined as an unexpired lease term of more than 35 years. The Company has provided us with the information set out below. The valuation is reliant on the accuracy of the information provided.

A sample of the Funeral Home Properties have been inspected internally and externally.

The Market Values of the Portfolios have regard to their trading potential in existing use and are therefore assessed on the basis of the Properties as fully operational businesses and solely reflect the income derived from the operation of the existing business. To this extent the Market Values of the Portfolios reflects the value derived from the existing use of the Properties and assumes that the Properties can be used for the foreseeable future only for their existing use. The valuation of these operational entities includes moveable trade fixtures and fittings, furnishings and equipment necessary to sustain the business carried out.

We believe that there are significant barriers to entry to the markets in which the Company operates as it would take considerable time and cost to replicate the model currently offered by the Properties. The Portfolio has a significant scale of operations and has market leading positions in several areas.

We have set out in Section 7 the definition of Market Value as contained in the Red Book.

In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information, as detailed in Section 9 of this report. Where appropriate, the Company has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed.

2 Inspection

Having regards to our previous knowledge of the Portfolio it is considered professionally adequate to re-inspect a sample of properties from those that have previously been inspected. In regards to the remaining properties, the Company has confirmed that there has been no material change in circumstance to the properties either in respect of their physical repair or in respect of the nature of the surrounding area.

3 Compliance with RICS Valuation - Professional Standards 2014 UK Edition

Subject to comments detailed below in Section 3.1, we confirm that the valuations have been prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS"), RICS Global Valuation Practice Guidance – Applications ("VPGAs") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation - Professional Standards 2014 UK Edition, (the "Red Book"). It follows that the valuations are compliant with International Valuation Standards.

3.1 STATEMENT OF DEPARTURE FROM THE RED BOOK

In accordance with our instructions, our valuation departs (the "Departure") from the procedure set out in the Red Book in that the definition of Market Value has been qualified by assuming that the Portfolios may be used only for their existing use for the foreseeable future, in order to reflect the market practice of valuing such a portfolio as a single entity.

The qualification of the definition of Market Value represents a departure from VPS 4 of the Red Book but, in our view, in light of the nature and size of the Portfolios, we believe such a deviation to be reasonable in order to provide the valuations referred herein.

The definition of Market Value has been qualified by assuming existing use only in order to reflect the market practice of purchasing large numbers of funeral homes and crematoria assets as part of a property portfolio in their existing use. No regard has been had to potential alternative use. Purchasers of portfolios of the type in question assess the cash flow generated by such assets and do not place any specific reliance on potential alternative uses. They do however expect that within a portfolio of so many assets there will inevitably be some instances where there is a higher alternative use value.

4 Status of valuer and conflicts of interest

As stated above it is understood that the valuation is required in connection with the Transaction and will be included in the Offering Circular which will constitute a prospectus for the purposes of, and will be published by, the Issuer in accordance with the Prospectus Directive and the rules of the London Stock Exchange.

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake these valuations competently. We also confirm that where more than one valuer has contributed to the valuations the requirements of PS 2.3.7 of the Red Book have been satisfied. We confirm that Charles Smith has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuations acting as External Valuers, qualified for the purpose of the valuation.

DTZ provided a valuation report dated 8 April 2003 which was included in the offering circular dated 8 April 2003 in respect of the securitisation undertaken by Dignity. In addition, DTZ provided further reports dated 20 February 2006, 22 September 2010 and 17 July 2013 in connection with additional fund raising in respect of the securitisation undertaken by Dignity. In addition to the above DTZ have historically provided advice in respect of Uniform Business Rates matters to Dignity. We do not consider that any conflict arises in preparing the advice herein as requested by the Company.

5 Purpose of the valuation

As detailed in Section 1 we understand that the valuations are required in connection with the proposed [Bond Issue] backed by security over, inter alia, the freehold and leasehold interests of the Properties.

Therefore, in accordance with PS 2.8 and UKVS 4 we have made certain disclosures in connection with this valuation instruction and our relationship with the Company/Fund. These are included in item 6 below.

6 Disclosures required under the provisions of PS 2.8 and UKVS 4

6.1 NAME OF SIGNATORY

Charles Smith was the signatory of a Valuation Report provided to the Company for a similar purpose as the purpose of this Valuation Report in July 2013. DTZ Debenham Tie Leung has provided similar valuations to the Company on an intermittent basis since April 2003.

6.2 DTZ'S RELATIONSHIP WITH CLIENT

DTZ provided a valuation report dated 8 April 2003 which was included in the offering circular dated 8 April 2003 in respect of the securitisation undertaken by Dignity. In addition, DTZ provided further reports dated 20 February 2006, 22 September 2010 and 17 July 2013 in connection with additional fund raising in respect of the securitisation undertaken by Dignity. In addition DTZ have provided advice in respect of Uniform Business Rates (UBR) matters to Dignity.

[Other than providing ongoing advice in respect of UBR matters we can confirm that there is no fee-earning relationship between the Company other than this valuation instruction.]

6.3 FEE INCOME FROM THE COMPANY

DTZ Debenham Tie Leung was a wholly owned subsidiary of DTZ Holdings plc (the "Group") until 5 December 2011, when all the trading subsidiaries of the Group (the "Subsidiaries") were sold to UGL Limited ("UGL"). In UGL's financial year ending 30 June 2013, the proportion of fees payable by the Company to the total fee income of UGL was less than 5%.

6.4 DTZ INVOLVEMENT IN THE PROPERTIES IN THE PREVIOUS 12 MONTHS

DTZ provided a valuation report dated 17 July 2013 in relation to additional fund raising in respect of the securitisation undertaken by Dignity. Other than this and providing ongoing advice in relation to UBR matters we can confirm that we have not had any involvement in any of the Properties in the previous 12 months.

7 Basis of valuation

Our opinion of the Market Value the Portfolio's has been primarily derived using an estimate of the future potential net income generated by use of the properties because their specialised nature means that there is no market based evidence available.

Due to the operational nature of the Portfolio's we have assessed the Market Value having reference to the trading potential. As such we have made reference to Valuation Practice Guidance Applications (VPGA) 4 of the Red Book and the Property has been valued as fully equipped operational business and our valuations therefore reflects the income/earnings derived from the operation of the existing business unit and includes:

- a) The legal interest in the land and buildings;
- b) The trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and
- c) the market's perception of the trading potential of the Property excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

Consumable stocks, vehicles and loose tools have been excluded.

We confirm that during the valuation nothing came to our attention which would indicate that existing licences, consents, certificates and permits would not be renewed in accordance their existing terms.

The valuations reported herein, as stated above, are on the basis of trading potential and as such it is assumed that:

- a) the business will at all times be effectively and competently managed, operated and promoted; and
- b) the business will be properly staffed, stocked and capitalised.

The underlying assumption when valuing a portfolio of this nature is that there will be a continuation of trading and that there is a Reasonably Efficient Operator (REO) available to manage and operate the properties.

In undertaking a valuation by reference to the trading performance of the Portfolios, we have been provided with historic, current and forecast financial data as detailed above by the Company which has been extracted without material adjustment. Particular regard has been had to the historic and current sales, earnings before interest, tax, depreciation and amortisation ("EBITDA") and capital expenditure.

The Properties are integral to the operation of the business and therefore, as with all classes of property valued by reference to trading potential, the underlying value of the property asset can fluctuate to a greater degree when that trading potential is altered, either up or down than is normally the case with most other types of commercial property. Consequently, if the EBITDA were to fall substantially short of current levels, then this would have a detrimental effect on future value, conversely if the EBITDA were to rise substantially this would have a positive effect.

Our Valuation Report is subject to our standard Valuation Conditions and Assumptions which are included in Section 9 of this update valuation report. In the event that any of our Assumptions prove to be incorrect then our valuation should be reviewed.

7.1 MARKET VALUE

The value of each of the Portfolios has been assessed in accordance with the relevant parts of the current RICS Valuation - Professional Standards 2014 UK Edition. In particular, we have assessed Market Value in accordance with VPS 4.1.2. Under these provisions, the term "Market Value" means

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In undertaking our valuations on the basis of Market Value, we have applied the conceptual framework which is set out in IVS Framework paragraphs 30-34.

7.2 VALUATION AS A PORTFOLIO OR PORTFOLIOS

The aggregate of the individual property values in respect of the Portfolios does not reflect the value of the Portfolios or sub portfolios as a whole. Management costs, the risk of income voids, the potential for sales to special purchasers and any possible development/alternative use value can be spread across a number of sites. A willing purchaser of such portfolios will take a more favourable attitude towards these issues than that which is likely to be taken by a willing purchaser of a single property asset. In addition the ownership of a portfolio provides enhanced purchasing power for goods and services as compared to a single property.

The nature of the purchaser of an individual property asset is different to that of the purchaser of a portfolio. The individual purchaser would have different costs of capital, risk profiles and potential exit routes and therefore the price it would be prepared to bid on a unit by unit basis would be different to that of a purchaser of a portfolio.

As a result, generally the individual capital value of each property within a portfolio, if sold separately, will be less than the capital value achievable as part of a portfolio due to factors such as the enhanced purchasing power for goods and services, as set out above. Reporting such values (either individually or in aggregate) is not a requirement of those parties for whom these valuations have been prepared. Accordingly, such valuations have not been undertaken because they would place too great an emphasis on individual capital values, which are neither appropriate nor relevant in the context of how such assets are traded in the market. In addition, in our opinion, were the

property assets forming the Portfolios to be marketed for sale the properties in each would most likely be lotted together to form either a single portfolio or a series of portfolios.

7.3 TAXATION AND COSTS

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made a deduction to reflect a purchaser's acquisition costs.

8 VAT

The Company has advised us that the Company has exercised its option to tax.]

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

9 Assumptions and sources of information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuation(s) are referred to below:-

9.1 TITLE

We have not been given access to the title deeds of any of the Properties and have been instructed to assume that the Company has possession of good and marketable title of freehold, leasehold and heritable interests in each case and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

We have been instructed to assume that any title or other issues that would be revealed by property due diligence reports, certificates of title or otherwise in respect of the Portfolios are not materially worse than would ordinarily be expected in a portfolio of funeral homes/crematoria of this size, age and diversity.

We have also been instructed to assume that any title or other issues that there may be are capable of being resolved in such a way that they will not materially adversely affect the marketability of the Portfolios as a whole or their acceptability as suitable security.

Furthermore, we have been instructed to assume that the properties comprising the Portfolios are free from mortgages, charges or other encumbrances.

9.2 CONDITION OF STRUCTURE AND SERVICES, DELETERIOUS MATERIALS, PLANT AND MACHINERY AND GOODWILL

Due regard has been paid to the apparent state of repair and condition of each of the Properties, but condition surveys have not been undertaken, nor have woodwork or other parts of the structures which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the Properties are structurally sound or free from any defects. We have made an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may have been mentioned in the body of our Valuation Report.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the Properties are free from risk in this regard. For the purposes of these valuations, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of the Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of the existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract enquiries.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9.3 PLANT AND MACHINERY

In undertaking our valuation (qualified by the existing use of the Portfolios) as a fully equipped and operational entity, we have included in this report reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. It is assumed that all items are fully owned and not held on lease, hire purchase or are the subject of any other ownership rights. Further it is assumed that all items are in satisfactory condition and sufficient for the effective operation of the business unless specifically stated to the opposite. We have excluded stock and loose tools.

9.4 GOODWILL

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the property.

9.5 ENVIRONMENTAL MATTERS

We have been instructed not to make any investigations in relation to environmental matters and to make enquiries of the Company.

The Company has confirmed to us that it is not aware of any environmental issues that would impact on the valuations reported. Therefore, in accordance with our instructions we have assumed that no contamination or other adverse environmental matters exist in relation to the Portfolios sufficient to affect value.

In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of these properties may require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the values now reported.

We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Commensurate with our Assumptions set out above we have not made any allowance in the valuations for any effect in respect of actual or potential contamination of land or buildings.

Flooding

If any of the Properties lie within or close to a flood plain, or has a history of flooding, we have made the Assumption that building insurance is in place regarding flooding and available to be renewed to the current or any subsequent owners of the properties, without payment of an excessive premium or excess.

In 2008 the Association of British Insurers (ABI) announced in a Statement of Principles that until 30 June 2013, insurers would continue to make flood insurance for domestic properties and small businesses available if flood risk is not significant and they would continue to offer flood insurance to cover domestic property and small business customers at significant flood risk providing the Environment Agency announced plans and notified the ABI of its intention to reduce the risk for those customers within five years.

On 27 June 2013, the ABI and Government announced that they had agreed a Memorandum of Understanding (MOU) on how to develop a not-for-profit scheme – Flood Re – that would ensure flood insurance remains widely affordable and available. It has been announced that Flood Re will be run and financed by insurers as a not-for-profit fund which will cover the cost of flood claims from high risk homes, the intention being for insurers to put into the fund those high flood risk homes they feel unable to insure themselves, with the premium to cover the flood risk part of the household premium capped.

The announcement stated that provided operational issues, including governance and regulatory approval, are resolved the aim is for Flood Re to be up and running by summer 2015, with regular progress reviews taking place to ensure Flood Re can proceed. The announcement continued by saying that for now ABI members will voluntarily continue to meet their commitment to continue to offer flood risk to existing customers under the previous flood insurance Statement of Principles.

9.6 AREAS

None of the properties in the Portfolios have been measured as this is not a determining factor in the valuations.

9.7 STATUTORY REQUIREMENTS AND PLANNING

In accordance with your instructions we have made no enquiries of the local planning authorities. We have assumed that each of the Properties have been constructed and are currently being used in full compliance with valid town planning and building regulations approvals, that where relevant, each has the benefit of a current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005, and that none of them is subject to any statutory notice as to their construction, use or occupation, unless we are aware of information to the contrary.

We have made an Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that the properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the properties are duly authorised or established and that no adverse planning condition or restriction applies.

No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have made an Assumption that the properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating below a yet to be confirmed level. Current opinion is that the minimum EPC rating will be an E but this is not confirmed. Unless our enquiries have revealed to the contrary if any of the Properties are not exempt from these requirements, we have made an Assumption that the Properties meet the minimum requirements to enable them to be let after April 2018.

9.8 LEASING

Subject to the provisions of the paragraph below, we have read all the leases and related documents provided to us by the Company. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

9.9 INFORMATION

We have made an Assumption that the information the Company and its professional adviser(s) have supplied to us in respect of the properties is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within your/their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

9.10 PROPERTIES IN THE COURSE OF DEVELOPMENT OR REQUIRING REFURBISHMENT

None of the properties within the Portfolios have been valued on the basis of development potential since we have assumed that their collective value, having regard to their existing use forming part of a portfolio of funeral homes and crematoria property assets, exceeds any value derived from individual development for another use.

9.11 LANDLORD AND TENANT ACT 1987

The Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, we have made an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest, and therefore disposal into the open market is unrestricted.

9.12 EBITDA LEVELS/DIRECT COSTS AND OTHER COMMERCIAL INFORMATION

Details of EBITDA and other commercial information have been supplied to us by the Company. We have extracted all relevant information from the documents provided to us including turnover, EBITDA, and all capital expenditure, which we have assumed is full, up to date and correct. It should be noted that the Market Values reported are dependent on the accuracy of this information. For the avoidance of doubt we have not undertaken our own due diligence in respect of this information nor do we make any comment as to the ability of the Company to forecast earnings.

9.13 EXPENDITURE AND REVENUE

The Company has provided us with historic maintenance costs as well as future forecasts/budgets in respect of the Portfolios. These items have been relied upon and taken into account in this valuation.

10 Valuation Approach

It is considered that the most likely form of disposal of the Properties would be as part of the existing ongoing business structure, and that the businesses and property assets would be sold together. It is therefore considered that the most appropriate method of assessing value is to treat the Properties as operational entities so that their value is directly linked to the financial performance of the activities undertaken using the Properties.

We understand that the Company is not aware of any material claims in respect of dilapidations or other matters other than the rent payable under the terms of the leases. However, we are aware of dilapidation claims amounting to £529,043 which relates to the Funeral Home Portfolio. The rental liability under the terms of these aforementioned leases is allowed for within the EBITDA of the Portfolios.

The Red Book, as detailed in VPGA 4, requires that the assessment of operational properties is calculated by reference to their trading potential, and that it specifically excludes any goodwill associated with the management of such properties. The Red Book states that this should be undertaken by reference to:-

- a) the legal interest in the land and buildings;
- b) the plant and equipment, trade fixtures, fittings, furniture, furnishings and equipment; and
- c) the market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licenses, consents, certificates and permits and the benefit of any transferable licences, consents, certificates and permits.

We have assessed the Portfolios adopting a valuation approach that excludes the goodwill associated with the businesses. In order to establish the Market Value we have adopted a discounted cash flow approach applying an entry multiple to the underlying maintainable annual earnings before interest, tax, depreciation and amortisation ('Maintainable EBITDA') generated by the properties in the Portfolios. The multiplier is derived from current market trends and has reference to the un-g geared Internal Rates of Return (IRR) generated over a 10 year period. The cashflow reflects the Maintainable EBITDA less capital expenditure, central costs (and in respect of the Funeral Home Portfolio a hypothetical licence fee and cost of leasing vehicles).

The valuation approach as set out above applies a multiplier to the 12 months to [December 2014] Maintainable EBITDA for each portfolio. This actual Maintainable EBITDA is determined in accordance with the Definitions.

We have prepared a cash flow using the Adjusted EBITDA in order to determine an IRR based on the value produced using the methodology set out above and the forecast EBITDA extracted from the information provided by the Company and adjusted as described previously.

The cash flows are set up to cover a 10 year period and include entry and exit capital amounts less appropriate purchase and sale costs. The amounts are determined by the application of a multiplier to the Maintainable EBITDA. The multipliers are based upon market trends and in particular by reference to the IRRs which are generated in each case in order to ensure that they are at an acceptable level.

We have made explicit allowances, in respect of future capital expenditure and the impact that this capital expenditure will have on the EBITDA figures.

10.1 DEFINITIONS

EBITDA

EBITDA is as extracted from information provided by the Company, which sets out historic and forecast financial information in respect of the Company.

Maintainable EBITDA

Maintainable EBITDA is the assessment of the underlying EBITDA which will be maintained having regard to recent historic trading performance and discussions with the Company.

Adjusted EBITDA

We have adjusted the EBITDA figures to reflect: a hypothetical licence fee for the goodwill associated with the brands in respect of the Funeral Home Portfolio. This cost is based upon information provided by the Company. Further deductions are made in respect of central costs, the capital expenditure requisite for sustaining the Maintainable EBITDA and the hypothetical cost of leasing the vehicle fleet. This deduction is made in order to reflect that the Company own their own vehicles and therefore as such are implicit within the EBITDA provided. Since the Funeral Home Properties are valued having regard to their trading potential, which excludes amongst other items vehicles, it is necessary to account for the cost of leasing the vehicles.

The inspection of the Funeral Home Portfolio Sample revealed a number repairing issues that the Company has confirmed as being known to them. In addition, they have further confirmed that the budgeted maintenance capital expenditure is sufficient in this regard. As such we have not made an additional adjustment within the valuation.

Licence Fee

The hypothetical licence fee reflects the proportion of the underlying earnings generated by the brands/intangible assets. This licence fee represents to the owner of the brand an amount equal to a proportion of the revenue they would receive from a licence holder. In this way the Market Value avoid valuing the goodwill associated with the brands. The licence fee is calculated as a percentage of the annual turnover. The degree to which the licence fee varies is in line with the information provided to us by the Company.

11 Valuation

We are of the opinion that the Market Values for the Portfolios in their existing use, as at 8 September 2014 subject to the assumptions and comments in this valuation report, is:

The Funeral Home Portfolio

£255,500,000

(Two Hundred and Fifty Five Million Five Hundred Thousand Pounds)

The Crematoria Portfolio

£277,400,000

(Two Hundred and Seventy Seven Million Four Hundred Thousand Pounds)

Aggregated Total

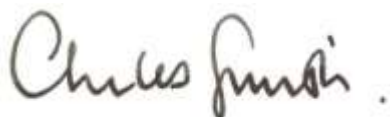
£532,900,000

(Five Hundred and Thirty Two Million Nine Hundred Thousand Pounds)

12 Confidentiality and disclosure

The contents of this Valuation Report and appendices are confidential to the addressees for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates adequate reference to the Departures from the RICS Valuation – Professional Standards 2014 UK Edition referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully



Charles Smith MRICS
International Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited

Appendix A

DTZ Letter Confirming the Terms of the Engagement

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Our Ref: 1410SG00

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29 August 2014

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The Royal Bank of Scotland plc ("RBS")
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BNY Mellon Corporate Trustee Services Limited
One Canada Square
London, E14 5AL

Dear Sirs

Valuation Engagement letter for the proposed TAP Issue of Securitised Debt

We refer to the discussions between Charles Smith and Stephen Whittern for DTZ to provide valuations of the properties detailed below. We thank the Client for this valued instruction and are pleased to confirm the basis on which we propose to carry out the Services.

The Scope of the Engagement

Our Engagement is summarised below:-

Client: Dignity Finance plc (the "Client").

Property: A portfolio of funeral homes and crematoria comprising 736 properties comprised of the "Funeral Home Portfolio" also the "Funeral Home Properties" and the "Crematoria Portfolio" also the "Crematoria Properties" and collectively the "Portfolios" or the "Properties".

Type of property: Funeral homes and Crematoria

Tenure: 332 Freehold properties, 32 long leasehold properties and 372 short leasehold properties.

Valuation date: Date of Issue of Valuation Report

Purpose of Valuation: Tap Issue

1 Compliance with RICS Valuation – Professional Standards 2014 UK Edition

Save as outlined below, DTZ confirms that the valuations will be prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS"), RICS Global Valuation Practice Guidance – Applications ("VPGA") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation – Professional Standards 2014 UK Edition (the "Red Book"). It follows that the valuation(s) is/are compliant with International Valuation Standards ("IVS").

In accordance with our instructions, our valuation departs (the "Departure") from the procedure set out in the Red Book in that the definition of Market Value has been qualified by assuming that the Portfolios may be used only for their existing use for the foreseeable future, in order to reflect the market practice of valuing the Crematoria Portfolio and the Funeral Home Portfolio as single entities.

Although only a sample of the Portfolio has been re-inspected it is considered that the number of properties inspected is professionally adequate as set out in the Red Book and therefore does not represent a departure from the Red Book.

The qualification of the definition of Market Value represents a departure from VPS4 (1.2) of the Red Book but, in our view, in light of the nature and size of the Portfolios, we believe such a deviation to be reasonable in order to provide the valuations referred herein.

2 The Reasons for Non-Compliance with the Manual

The definition of Market Value has been qualified by assuming existing use only in order to reflect the market practice of purchasing large numbers of funeral homes and Crematoria assets as part of a property portfolio in their existing use. No regard has been had to potential alternative use. Purchasers of portfolios of the type in question assess the cash flow generated by such assets and do not place any specific reliance on potential alternative uses. They do however expect that within a portfolio of so many assets there will inevitably be some instances where there is a higher alternative use value.

3 Status of valuer and conflicts of interest

DTZ confirms that the valuations shall be undertaken by a suitably qualified valuer, or valuers, who have the knowledge, skills and understanding to undertake the valuations competently and will act as an External Valuer qualified for the purpose of the valuation.

The proposed valuation is a Regulated Purpose Valuation. We confirm that there are no Properties which have been acquired by the Client within the 12 months preceding the date of the valuation in respect of which DTZ has either received an introductory fee or negotiated that purchase on behalf of the Client.

DTZ provided a valuation report dated 8 April 2003 which was included in the offering circular dated 8 April 2003 in respect of the securitisation undertaken by the Client. In addition, DTZ provided further reports dated 20 February 2006, 22 September 2010 and 17 July 2013 in connection with additional fund raising in respect of the securitisation undertaken by the Client. In addition DTZ have provided advice in respect of Uniform Business Rates matters to the Client. We do not consider that any conflict arises in preparing the advice herein as requested by the Client.

It is essential that DTZ ensure there will be no potential conflicts of interest arising from our involvement not only with the Portfolios and the Client but also with any related parties to the Client. Accordingly, please could the Client advise us of any parties connected to its organisation.

In accordance with PS 2.8 and UKVS 4, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time DTZ has continuously been carrying out that valuation instruction for the Client, the extent and duration of our relationship with the Client and the proportion of our total fee income made up by the fees payable by the Client (to the nearest five percentage points). We shall require these disclosures to be made in any published references to our Valuation Report.

4 Basis of valuation

In accordance with the Client's instructions, we will undertake our valuations on the following basis:-

Market Value

The definition of Market Value set out in Schedule 1 attached

Assumptions

Valuations carried out by DTZ for the purposes of the services identified above will be prepared on the basis that the Assumptions set out in the Valuation Conditions and Assumptions are correct. The Client's countersignature of this letter represents their confirmation that all of these Assumptions are correct. The Client must promptly notify DTZ in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Valuation Conditions and Assumptions result in an increase in the scope of the Engagement this may result in an appropriate increase in DTZ's fees and expenses due under the Terms of the Engagement.

5 Other matters

Purpose

Our Valuation Report will be provided solely for the purpose referred to in the section "The Scope of the Engagement.

Limitations

As detailed in Section 2 of this Engagement Letter we will not inspect all of the Properties. As agreed with the Client we will inspect a sample of the Properties which will be selected with reference to tenure, geographical location and revenue generation. As stated above this is considered professionally adequate however we will require the Client to confirm whether there has been any material change in circumstance at any of the Properties since our last valuation and or inspection. A material change in circumstance is taken to be either a material change in the physical circumstances of the property or the surrounding area. Any change that impacts on the ability of a property to trade in line with historic levels must be clearly stated.

Addressees

Our Report will be addressed to Dignity Finance plc, The Royal Bank of Scotland plc, acting as Arranger and Lead Manager, and BNY Mellon Corporate Trustee Services Limited ("BNY Mellon"), acting as Security Trustees.

Staffing

Charles Smith will be responsible for our work on this assignment. He will be assisted by Tom Nuttall MRICS and Elliot Cumming who will be responsible for the day-to-day conduct of the project.

Fees

The fee for undertaking the Service shall be dealt with via separate correspondence and shall be payable by the Client.

Limitation of Liability

The cap on liability in Clause 12.3 of the DTZ Terms and Conditions shall be modified in relation to valuations so that DTZ's aggregate liability arising out of, under or in connection with this Engagement shall be capped at £50 million.

Disclosure and Syndication

The contents of this Valuation Report and Schedule may be relied upon only by the addressees in connection with the Transaction described in the Offering Circular/the Purpose of this Valuation. No reliance may be placed upon the contents of the Valuation Report and Schedule by any party who is not an addressee of this Valuation Report or by an addressee of this Valuation Report for any purpose other than in connection with the Transaction/Purpose of this Valuation. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions and/or Departures referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Report are combined with others

The Royal Bank of Scotland plc and BNY Mellon Corporate Trustee Services Ltd shall be able to disclose the Valuation Report and this letter on a non reliance basis to their professional advisers and as maybe requested or required by law, regulation or any supervisory or regulatory authority having previously informed DTZ in writing of the details of such parties.

DTZ and the Client and RBS must agree the nature of DTZ's responsibility to any further named parties prior to any disclosure of our Valuation Report. In this connection, the cap on liability provisions referred to above is the maximum liability of DTZ in respect of any and all claims that maybe brought by the Client and RBS and/or such further named parties arising out of, under or in connection with this Engagement subject to DTZ agreeing that such named parties may have reliance on the Valuation Report.

Clause 8.1 of the DTZ Terms and Conditions states that the provision of the services is for the Client's benefit only. If we are subsequently asked to extend responsibility to other parties, then there will be an additional fee payable, to be agreed, to cover our additional time costs, indemnity and insurance liabilities subject to a minimum of £500, plus VAT.

Terms and Conditions

The terms and Conditions governing this Engagement shall be the DTZ Terms and Conditions (attached for your ease of reference), and this Engagement Letter (including the attached Valuation Conditions and Assumptions).

I would be grateful if you would sign and date the enclosed copy of this letter and return the same to me by way of confirmation of your company's acceptance of the above terms and conditions.

Yours faithfully



Charles Smith MRICS
International Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited

Acceptance of DTZ Engagement Letter and the DTZ Terms and Conditions

I have read the DTZ Engagement Letter, the Valuation Conditions and Assumptions and the DTZ Terms and Conditions and hereby confirm this Engagement on the basis of the Terms of Business.

Dignity Finance plc

Signature

Name

Position & Company

Date


J. L. WHITTON
DIRECTOR - DIGNITY FINANCE PLC
01/09/2014

The Royal Bank of Scotland plc

Signature

Name

Position & Company

Date

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BNY Mellon Corporate Trustee Services Limited

Signature

Name

Position & Company

Date

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SCHEDULE 1:

DTZ Commercial/Industrial Property Valuation Engagement Letter

Definitions of the Bases of Valuation

Market Value

Market Value as defined in VPS 4.1.2 of the RICS Valuation – Professional Standards 2014 UK Edition ("the Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" *means* "The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The conceptual framework settled by the IVSC is set out in paragraphs 31-35 of the IVS Framework and is reproduced below:-

"30. The definition of *market value* shall be applied in accordance with the following conceptual framework:

- (a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;
- (b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;
- (c) "on the *valuation date*" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as at the *valuation date*, not those at any other date;
- (d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

- (e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
 - (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;
 - (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;
 - (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
 - (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
31. The concept of *market value* presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).
32. The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or

for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. The highest and best use of an asset valued on a stand-alone basis may be different from its *highest and best* use as part of a group, when its contribution to the overall value of the group must be considered.
34. The determination of the highest and best use involves consideration of the following:
 - (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (e) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."

Valuation Conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. These conditions and Assumptions apply to the valuation(s) that will be the subject of this instruction. We shall make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we will not verify as part of the valuation process but rather, as per the Glossary to the RICS Valuation – Professional Standards 2014 UK Edition (Red Book), will treat as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

1 Basis of Valuation

The Properties will be valued on the basis set out in the Engagement Letter as those terms are defined in the Schedule attached thereto.

2 Title

We will not have access to the title deeds of the Properties. Unless specifically advised to the contrary by you or your legal adviser, we shall make the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We shall also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where Certificates of Title are available, we will reflect their contents in our valuations. Save as disclosed either in any such Certificates of Title or as referred to in our Report, we will make the Assumption that there are good and marketable titles and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We will also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where a Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required, the matter must be referred by you to your solicitors.

3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or give warranties as to, the condition of the structure, foundations, soil and services.

Our valuations will take account of the general condition of the Properties as observed from the valuation inspections. Where separate condition or structural surveys have been undertaken and made available to us, we shall reflect the contents of the survey reports in our valuations, but may need to discuss the reports with the originating surveyor.

Due regard will be paid to the apparent state of repair and condition of the Properties, but condition surveys will not be undertaken, nor will woodwork or other parts of the structures which are covered, unexposed or inaccessible, be inspected. Therefore, we will be unable to report that the Properties are structurally sound or are free from any defects. We will make an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

We will not arrange for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations, and therefore we will not be able to confirm that the Properties are free from risk in this regard. For the purposes of our valuation(s), we will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We will not carry out asbestos inspections and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. We will not make an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we will make an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken to certify that the sites are free from any defect as to foundations. We will make an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed, or to be constructed thereon. We will also make an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, we will make an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

4 Plant and Machinery

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to their trading potential to include:

- the land and the buildings;
- trade fixtures, fittings, furniture, furnishings and equipment; and
- with an assumed ability to renew existing licences, consents, registrations, permits and certificates. Consumable stocks, vehicles and loose tools have been excluded.

In undertaking our valuation as a fully equipped and operational entity, we will include reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. It will be assumed that all items are fully owned and not held on lease, hire purchase or the subject of any other ownership rights. Further it will be assumed that all items are in satisfactory condition and sufficient for the effective operation of the business unless specifically stated to the opposite. We have excluded stock and loose tools.

5 Goodwill

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to the market's perception of the trading potential of the Properties excluding personal goodwill and any other intangibles.

6 Floor areas and inspections

All the Properties will be inspected. None of the Properties will be measured as this is not a determining factor in the valuations.

7 Environmental matters, including flooding

We have been instructed to rely upon the environmental searches and investigations to be detailed in the Certificates of Title. We have been instructed not to complete any additional investigations in relation to environmental matters.

The Client has confirmed to us that it is not aware of any environmental issues that would impact on the valuations reported. Therefore in accordance with our instructions we have assumed that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. We have no basis upon which to assess the reasonableness of this assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Other than as referred to above, we have not made any investigations to establish whether there is any contamination or potential for contamination to the Properties.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the Properties or on any neighbouring land, or that the premises have been or are being put to any contaminative use then this might reduce the estimated assessment of value.

Commensurate with our Assumptions set out above we have not made any allowance in this estimated assessment of value for any effect in respect of actual or potential contamination of land or buildings.

If any of the Properties lie within or close to a flood plain, or have a history of flooding, we shall make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made, our Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other environmental problem, then this might reduce the values reported.

8 Statutory requirements and planning

In accordance with your instructions we will make no enquiries of the local planning authorities and will rely upon the planning searches and investigations to be detailed in the Certificates of Title.

Save as disclosed in a Certificate of Title or unless otherwise advised, we shall make the Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation and that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We shall make the Assumption that the Properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive we shall make an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating below a yet to be confirmed level. Current opinion is that the minimum EPC rating will be an E but this is not confirmed. We will ask you or your advisors for information relating to the EPC rating of those properties which are not exempt from these requirements. In those instances where we are not provided with an up to date EPC rating for affected properties we will make an Assumption that the subject property(ies) meet(s) the minimum requirements to enable the property(ies) to be let after April 2018.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

Certain planning authorities will not provide verbal information and require a formal written application for information. Some authorities charge for the information supplied. In such cases we may discuss with you whether to obtain the information and also the extent to which a Valuation Report issued without the receipt of such information or prior to receipt of formal response should be qualified. We would look to you to recompense us for any costs levied upon us by the authority in this matter.

In instances where we are to value property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, we will make an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject

to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

9 Defective Premises Act 1972

No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

10 Leasing

In undertaking the valuations of the Properties, we will rely on and reflect the lease details which are contained in a schedule which has been provided to us by the Client.

As instructed, we will assume that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

11 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

12 Information

We shall make the Assumption that the information provided by you and your professional advisers in respect of the Properties to be valued is both full and correct and our Valuation Report will contain a statement to this effect. We shall make the Assumption that details of all matters relevant to value within your/their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

13 Deduction of notional purchaser's costs

The Market Value which we will attribute to each of the Properties is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we will make allowances in respect of stamp duty and purchasers' costs.

14 Taxation

No adjustment will be made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property will be that receivable by the willing seller excluding VAT, if applicable.

15 Properties in the course of development or requiring repair/refurbishment

Unless specifically agreed to the contrary, our fee assumes that we will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the quantity surveyors involved in the construction programme. Unless specifically instructed to the contrary we will be relying upon these figures, and you should make this fact known to them. Alternatively, we can arrange for independent quantity surveyors to provide an assessment at an additional fee charge.

If any of the buildings are in the course of construction then our valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. We will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

16 Regulated Purpose Valuations

In accordance with the provisions of UK VS 4.2, where the instruction is a Regulated Purpose Valuation, we are unable to undertake such a valuation of a property acquired by our client within the twelve months preceding the valuation date if, in relation to that property, we received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with us, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

17 Rotation of valuation personnel

The valuation instruction is for a purpose which means it falls within the definition of Regulated Purpose Valuations as referred to in PS 2.8 and VS 4.1. In accordance with PS 2.8 we have included in these Valuation Conditions and Assumptions our policy on the rotation of the valuer who accepts responsibility for these types of valuations and a statement of the quality control procedures that are in place. This included below:-

DTZ Debenham Tie Leung supports the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years, unless there are overriding circumstances to the contrary. DTZ discusses the method of rotation of the signatory to Regulated Purpose Valuation reports with its clients.

DTZ operates internal quality control procedures throughout its valuation practice including a system whereby the valuation of property meeting certain criteria requires the approval of an internal investment valuation committee.

18 Monitoring

The compliance of the valuations undertaken in accordance with RICS Valuation – Professional Standards 2014 UK Edition may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

DTZ Terms and Conditions

Clause 1 - Definitions

In the DTZ Terms and Conditions and the Engagement Letter the following terms shall have the following meanings:-

- 1.1 "Client": the person, firm or company to whom DTZ is to provide Services in accordance with the Terms of Business.
- 1.2 "DTZ": Debenham Tie Leung Ltd, whose registered office is at 125 Old Broad Street, London, EC2N 2BQ; telephone: +44 (0)20 3296 3000 and, where appropriate, any subsidiary and/or associated company of DTZ Debenham Tie Leung Limited and/or any holding company of DTZ Debenham Tie Leung Limited and/or any subsidiary and/or any associated company of such holding company.
- 1.3 "DTZ Terms and Conditions": these DTZ standard terms and conditions of business.
- 1.4 "Engagement": the Client's appointment of DTZ to provide particular Services pursuant to the Terms of Business.
- 1.5 "Engagement Letter": The DTZ letter for a DTZ business line issued to the Client which identifies particular Services to be provided by it and that sets out other terms and conditions that shall form part of the Engagement contract between DTZ and the Client together with the DTZ Terms and Conditions. Where the context admits, documents cross referenced and/or attached to the DTZ letter shall form part of the Engagement Letter.
- 1.6 "Force Majeure Event": an event falling within the definition set out at Clause 14.1.
- 1.7 "Intellectual Property Rights": all patents, copyrights and design rights (whether registered or not and all applications for any of the foregoing), and all rights of information, data, know-how or experience whether patentable or not whensoever and howsoever arising and all renewals and extensions thereof.
- 1.8 "Party": DTZ or the Client as the case may be.
- 1.9 "Services": services falling within the known areas of expertise and specialisation of DTZ as more particularly identified in an Engagement Letter or, where no Engagement Letter has been issued, that are the subject of a Client instruction to DTZ to proceed to act on the Client's behalf.
- 1.10 "Terms of Business": Subject to 24.7, the DTZ Terms and Conditions and any applicable Engagement Letter.

Clause 2 - Scope of Business

- 2.1 Where the Client appoints DTZ to provide Services, the appointment shall be on the basis of the DTZ Terms and Conditions and any applicable Engagement Letters. The purpose of an Engagement Letter shall be to address

business line and project specific issues, including the precise scope of Services, timescales for deliverables and fee levels as well as certain other terms and conditions.

- 2.2 In carrying out the Services, DTZ shall exercise the reasonable care and skill to be expected of a competent provider of services similar in scope, nature and complexity to the Services. No other warranty or representation, express or implied, shall apply under and/or in connection with the Engagement.

Clause 3 - Fees and Expenses

- 3.1 All fees for performance of the Services shall be calculated in accordance with the fee structure set out in the Engagement Letter.
- 3.2 The Client shall reimburse to DTZ all expenses properly incurred by it in the performance of the Services, including without limitation, travel expenses, accommodation, subsistence, telephone, fax, postage, copying, photography, advertising and any other goods and services purchased.
- 3.3 DTZ reserves the right to require payments to be made on account before commencing or completing any Services. In such event, the amount of the on account payment shall be calculated having regard to the programme for performance of the Services and the likely timing and amounts of expenses to be incurred.
- 3.4 Fees stated shall be exclusive of value added tax which, where applicable, shall be charged to the Client at the prevailing rate.

Clause 4 - Payment

- 4.1 Invoices are payable by the client within 14 days of the date of the invoice.
- 4.2 All payments due to be made to DTZ under the Terms of Business shall be made without set-off or counterclaim and free of and without deduction for any taxes, levies or duties of any description. If the Client is required at any time by any applicable law to make any such deduction from any payment, the sum due in respect of such payment shall be increased such as shall result (notwithstanding such deduction in DTZ's receipt on its due date) in a net sum equal to the sum DTZ would have received had no such deduction been required.
- 4.3 DTZ may charge the Client interest (both before and after any judgment) on the balance of any unpaid invoice, at the rate of 3 % per annum over the Bank of

England base rate. Such interest shall run from the due date of settlement of the invoice until the date payment of the balance is received.

Clause 5 - The Client's Obligations

- 5.1 The Client shall pay to DTZ all fees, expenses and value added tax, as required pursuant to Clauses 3 and 4. DTZ may suspend and/or cease further work on behalf of the Client in the event of none, partial or late payment of any DTZ invoice.
- 5.2 The Client shall provide to DTZ all information reasonably required, and at the necessary times, to enable DTZ to carry out the Services pursuant to the Terms of Business.
- 5.3 The Client acknowledges that DTZ is entitled to rely upon the accuracy, sufficiency and consistency of any information supplied to it by the Client. DTZ shall have no liability for any inaccuracies contained in any information provided by the Client or any third party on behalf of the Client.
- 5.4 The Client authorises DTZ to speak to or meet with any other person it may need to contact in order to provide the Services. DTZ may release to such person for the purpose of the Services any information reasonably necessary to perform the Services and which it has obtained during the Engagement. DTZ shall not be liable for any use subsequently made of that information.

Clause 6 - Intellectual Property

- 6.1 DTZ is the beneficial owner of all Intellectual Property Rights arising out of or in connection with the provision of the Services to the Client.
- 6.2 Subject to all payments due under the Engagement having been paid, the Client shall have an irrevocable, royalty free, non-exclusive licence to copy and use all materials created by or on behalf of DTZ (and in relation to which DTZ is the beneficial owner of the Intellectual Property Rights) for any purpose relating to the Engagement.

Clause 7 – Electronic Communications

- 7.1 DTZ shall not be liable for any loss arising from the Client's receipt of any information, data or communications supplied or sent by DTZ electronically. The Client shall use all reasonable procedures to seek to ensure that any materials sent by any electronic medium and/or by computer disc to DTZ are virus free.
- 7.2 DTZ may communicate with the Client by email.

Clause 8 – Documents

- 8.1 The provision of the Services is for the Client's benefit only. No part of any report or advice produced by DTZ for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of

DTZ and DTZ shall not be liable to any third party which relies upon any such report or advice.

- 8.2 After completing an Engagement, DTZ shall be entitled to keep any Client papers and documents held while payments due under the Engagement are outstanding.
- 8.3 DTZ shall keep its Engagement files for 6 years after issue of DTZ's final invoice, on the basis that DTZ shall have the Client's authority to destroy the files upon the expiry of that period unless the Client has beforehand requested in writing the return of Client papers or documents. DTZ shall not be liable for any loss of documentation after the stated retention date.
- 8.4 The Client shall be responsible for DTZ's charges in producing any documentation which the Client requires in order to comply with a third party request for disclosure under the Freedom of Information Act 2000 (FOIA). For the avoidance of doubt, the Client, not DTZ, shall liaise with such third party.

Clause 9 - Confidentiality

- 9.1 DTZ shall seek the Client's prior consent to DTZ announcing without limitation, through advertising, and by references in proposals or submissions to prospective clients, that they are providing or have provided the Services to the Client. Such consent shall not be unreasonably withheld or delayed.
- 9.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement): (a) any information received by it in respect of the methodologies and/or technologies used by DTZ in providing the Services; (b) the details of the commercial terms on which DTZ provides the Services; and (c) any other information in respect of DTZ's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.3 DTZ shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.4 The provisions of Clause 9 shall not apply to either Party to the extent that disclosure is required by law or regulatory authorities, to the respective professional advisers of the Parties, or to a bona fide purchaser of DTZ and the purchaser's professional advisers.

Clause 10 – Professional Indemnity Insurance

- 10.1 DTZ shall effect and maintain, for a period of 6 years from completion of any Engagement, professional indemnity insurance with a limit of indemnity of no less than £10 million provided always that such insurance remains available at commercially reasonable rates.

Clause 11 - Non-Solicitation by Client

- 11.1 The Client shall not offer employment to any employee of DTZ working on an Engagement for the Client or induce or solicit any such employee to take up employment with the Client for a period of 6 months following the end of any involvement by that person with any Engagement for the Client.
- 11.2 In the event that the Client breaches Clause 11.1, DTZ shall be entitled to be paid compensation by the Client equal to 6 months salary of the employee concerned.

Clause 12 - Limitation of Liability

- 12.1 Nothing in the Engagement Letter or DTZ Terms and Conditions will limit or exclude a party's liability for:
- (a) death or personal injury caused by its negligence;
 - (b) fraud or fraudulent misrepresentation; or
 - (c) any other liability which cannot be limited or excluded by applicable law.
- 12.2 Subject to Clause 12.1, DTZ will not have any liability, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, to the Client or any third party for any loss of profit, whether direct or indirect, or for any indirect or consequential loss arising under or in connection with the Engagement.
- 12.3 Subject to Clause 12.1 and clause 12.2 and notwithstanding anything to the contrary contained in the Engagement, DTZ's total liability to the Client and any third party, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, arising under or in connection with the Engagement will be limited to an aggregate of the fees payable by the Client for the Engagement.
- 12.4 Without prejudice to the other sub-clauses of Clause 12, where the Engagement involves DTZ being appointed as part of a Client project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require DTZ to pay having regard to the extent of DTZ's responsibility for the same and on the basis that all other Client consultants and

contractors shall be deemed to have provided contractual undertakings on terms no less onerous than this Clause 12.3 to the Client in respect of the performance of their services in connection with the project and that there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above and on the basis they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.

- 12.5 This Clause 12 will survive termination of the Engagement.

Clause 13 – Money Laundering and Anti-Bribery Procedures

- 13.1 The Client shall provide all necessary cooperation so as to ensure that DTZ is able to meet its obligations under:
- 13.1.1 The Proceeds of Crime Act 2002 and Money Laundering Regulations 2007; and
 - 13.1.2 The Bribery Act 2010,
- and shall itself comply with such obligations.

Clause 14 – Force Majeure

- 14.1 Neither Party shall be deemed to be in default or liable to the other Party for any matter whatsoever for any delays in performance or from failure to perform or to comply with the Terms of Business due to any cause beyond that Party's reasonable control including, without limitation, acts of God, acts of Government or other competent regulatory authority, telecommunications, network operators, war or national emergency, riots, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes and other industrial disputes (in each case, whether or not relating to that Party's workforce).
- 14.2 Each Party agrees to give notice forthwith to the other upon becoming aware of a Force Majeure Event, such notice to contain details of the circumstances giving rise to the Force Majeure Event.

Clause 15 - Termination

- 15.1 Without prejudice to any other rights or remedies a Party may possess:
- 15.1.1 DTZ may terminate the Engagement by notice immediately if the Client has failed to pay an invoice within 30 days of the final date for payment of that invoice.

- 15.1.2 Either Party may terminate the Engagement by notice immediately if the other Party becomes insolvent.
- 15.1.3 Either Party may terminate the Engagement by notice immediately if the other Party is in breach of its obligations and where such breach is capable of remedy the other Party fails to remedy such breach within 30 days of receipt of a notice specifying the breach.
- 15.2 For the purposes of Clause 15.1.2, a Party is insolvent if it enters into an arrangement, compromise or composition in satisfaction of its debts or goes into liquidation (in either case otherwise than for the purpose of amalgamation or reconstruction), or has a winding up or bankruptcy order made against it, or it has appointed to it an administrator or administrative receiver or any step analogous to any of the foregoing occurs.
- 15.3 Either Party may terminate an Engagement by giving not less than 30 days written notice to the other. In such event DTZ shall be entitled to payment of fees for the Services it has performed, and payment of the expenses it has properly incurred, up to the date of termination. Where the Engagement Letter does not identify how to calculate the fees that shall be payable where termination under this Clause 15.3 occurs, a fair and reasonable pro rata calculation shall apply having regard to the fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination.
- 15.4 The expiration or the termination of an Engagement, however arising, shall not operate to affect such of the provisions of the Engagement as are expressed to operate or continue in effect after then and shall be without prejudice to any rights or liabilities accrued at the date of such expiration or termination.

Clause 16 – No Waiver, Partnership or Joint Venture

- 16.1 No waiver by a Party of any breach by another Party in the performance of any of its obligations under this Agreement shall operate or be construed as a waiver of any other or further breach whether of a like or different character or be effective unless in writing duly executed by an authorised representative of the affected Party.
- 16.2 The failure by a Party to insist on any occasion upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one Party to another shall not thereby act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right under the Engagement, which shall remain in full force and effect.
- 16.3 An Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, or to impose

any partnership obligation or liability upon either Party.

Clause 17 – Entire Agreement

- 17.1 The Terms of Business constitute the entire agreement and understanding of the Parties as to the subject matter of the Terms of Business. They supersede any prior agreement or understandings between the Parties and no variation of the DTZ Terms and Conditions or any Engagement Letter shall be binding unless agreed in writing.
- 17.2 The Client expressly acknowledges that it has not been induced to enter into the Terms of Business by any warranty or representation or other assurance not expressly incorporated in the Terms of Business.

Clause 18 – Severability

- 18.1 If any provision of the Terms of Business is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the Terms of Business shall not be impaired.

Clause 19 – Contracts (Rights of Third Parties) Act 1999

- 19.1 DTZ may perform any of its obligations or exercise any of its rights under the Terms of Business through any subsidiary or associated company of DTZ Debenham Tie Leung Limited or any holding company of DTZ Debenham Tie Leung or any subsidiary or associated company of such holding company but in all other respects no term of the Engagement is intended for the benefit of a third party and the Parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

Clause 20 – Assignment

- 20.1 An Engagement shall not be assigned or transferred by either Party without the prior consent of the other save that DTZ shall be entitled by writing to the Client to assign all or any of its rights under an Engagement to any company in the same group of companies as DTZ or associated with DTZ.

Clause 21 – Notices

- 21.1 Any notice or other information to be given by either Party to the other under the Engagement shall be given by:
- 21.1.1 Delivering the same by hand;

- 21.1.2 Sending the same by pre-paid registered post; or
- 21.1.3 Sending the same by email, facsimile transmission or comparable means of communication;
- to the other Party at the address given in Clause 21.4.
- 21.2 Any notice or information sent by post in the manner provided by Clause 21.1.2 which is not returned to the sender as undelivered shall be deemed to have been given on the second day after the envelope containing it was so posted; and proof that the envelope containing any such notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.
- 21.3 Any notice or information sent by telex, facsimile transmission or comparable means of communication shall be deemed to have been duly given on the date of transmission, provided that a confirming copy is sent to the other Party at the address given in Clause 21.4 within 24 hours after transmission.
- 21.4 The address of either Party for service for the purposes of Clause 21 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other Party in writing from time to time.

Clause 22 – Miscellaneous

- 22.1 Each Party warrants that it has power to enter into the Terms of Business and that it has obtained all necessary consents and/or approvals to do so.
- 22.2 The Engagement shall inure to the benefit of, and be binding upon, the permitted successors and permitted assignees to the Parties.
- 22.3 Where the Client comprises two or more Parties their liability under the Engagement shall be joint and several.
- 22.4 No actions or proceedings arising under or in respect of the Engagement shall be commenced against DTZ after 6 years after the date of completion of the Engagement, or such earlier date as may be prescribed by law.

Clause 23 - Dispute Resolution and Governing Law

- 23.1 In the event that the Client is dissatisfied with the provision of the Services by DTZ under the Terms of Business it must refer such complaint in the first instance to the director in charge of the Engagement in accordance with the provisions of DTZ's complaints procedure current at the time of the complaint. DTZ shall supply to the Client a copy of the complaints procedure upon the request of the Client.

- 23.2 The parties irrevocably submit to the exclusive jurisdiction of the English Courts, subject to the rights of either party to enforce a judgement obtained in the English Courts in any other jurisdiction.
- 23.3 The terms of Business shall be governed by and construed in accordance with English Law.

Clause 24 – Interpretation

- 24.1 Words importing the singular also include the plural and vice versa where the context requires.
- 24.2 Words importing persons or parties shall include firms, corporations and any other organisation having legal capacity.
- 24.3 The headings in the Terms of Business are not part of the Terms of Business nor shall they be taken into consideration in its interpretation or construction;
- 24.4 All references in the Terms of Business to Clause numbers are references to Clause numbers in the DTZ Terms and Conditions and not to those in any other documents forming part of the DTZ Terms and Conditions unless the context otherwise indicates.
- 24.5 Reference to a statute or statutory provision includes it as from time to time amended, extended or re-enacted.
- 24.6 These DTZ Terms and Conditions and any applicable Engagement Letter shall be read together as a single document.
- 24.7 If there is any conflict between the provisions of:
- 24.7.1 The DTZ Terms and Conditions and any applicable Engagement Letter, the Engagement Letter shall have priority;
- 24.7.2 An Engagement Letter and any documents cross referenced and/or attached to that Engagement Letter, the Engagement Letter shall have priority.

Clause 25 - Data Protection

- 25.1 DTZ may use the Client's details in providing the Services under this Engagement and for the ongoing administration of the Services. To the extent that the Data Protection Act applies, DTZ undertakes that:
- i) - It shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in

Schedule 1 of the Data Protection Act 1998;

ii) - DTZ shall not disclose or allow access to any personal data provided by the Client or acquired by DTZ during the course of executing its obligations under this Engagement, other than to a person employed or engaged by DTZ and their legal or financial advisers;

iii) - Any disclosure of or access allowed to personal data shall be made in confidence and shall extend only so far as is necessary for the purposes of carrying out the Engagement and shall not be disclosed in breach of any Law.

- 25.2 It is a condition of this Engagement, that DTZ may search your record at Credit Reference Agencies for the purposes of verifying your identity and to assess whether you are able to fulfil your payment obligations under the Terms of this Engagement.

Email: charles.smith@dtz.com
Direct Tel: +44 (0)20 3296 4411
Direct Fax: +44 (0)20 3296 3200



Your Ref:
Our Ref: 1410SG00

125 Old Broad Street
LONDON
EC2N 1AR

5 September 2014

Dignity Finance plc
4 Edwards Court
King Edward Square
Sutton Coldfield
West Midlands
B73 6AP

Telephone: 020 3296 3000
Facsimile: 020 3296 3100

www.dtz.com

The Royal Bank of Scotland plc ("RBS")
135 Bishopsgate
London, EC2M 3UR

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London, E14 5AL

Dear Sirs

Valuation Engagement letter for the proposed TAP Issue of Securitised Debt

We refer to the discussions between Charles Smith and Stephen Whittern for DTZ to provide valuations of the properties detailed below. We thank the Client for this valued instruction and are pleased to confirm the basis on which we propose to carry out the Services.

The Scope of the Engagement

Our Engagement is summarised below:-

Client: Dignity Finance plc (the "Client").

Property: A portfolio of funeral homes and crematoria comprising 736 properties comprised of the "Funeral Home Portfolio" also the "Funeral Home Properties" and the "Crematoria Portfolio" also the "Crematoria Properties" and collectively the "Portfolios" or the "Properties".

Type of property: Funeral homes and Crematoria

Tenure: 332 Freehold properties, 32 long leasehold properties and 372 short leasehold properties.

Valuation date: Date of Issue of Valuation Report

Purpose of Valuation: Tap Issue



1 Compliance with RICS Valuation – Professional Standards 2014 UK Edition

Save as outlined below, DTZ confirms that the valuations will be prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS"), RICS Global Valuation Practice Guidance – Applications ("VPGA") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation – Professional Standards 2014 UK Edition (the "Red Book"). It follows that the valuation(s) is/are compliant with International Valuation Standards ("IVS").

In accordance with our instructions, our valuation departs (the "Departure") from the procedure set out in the Red Book in that the definition of Market Value has been qualified by assuming that the Portfolios may be used only for their existing use for the foreseeable future, in order to reflect the market practice of valuing the Crematoria Portfolio and the Funeral Home Portfolio as single entities.

Although only a sample of the Portfolio has been re-inspected it is considered that the number of properties inspected is professionally adequate as set out in the Red Book and therefore does not represent a departure from the Red Book.

The qualification of the definition of Market Value represents a departure from VPS4 (1.2) of the Red Book but, in our view, in light of the nature and size of the Portfolios, we believe such a deviation to be reasonable in order to provide the valuations referred herein.

2 The Reasons for Non-Compliance with the Manual

The definition of Market Value has been qualified by assuming existing use only in order to reflect the market practice of purchasing large numbers of funeral homes and Crematoria assets as part of a property portfolio in their existing use. No regard has been had to potential alternative use. Purchasers of portfolios of the type in question assess the cash flow generated by such assets and do not place any specific reliance on potential alternative uses. They do however expect that within a portfolio of so many assets there will inevitably be some instances where there is a higher alternative use value.

3 Status of valuer and conflicts of interest

DTZ confirms that the valuations shall be undertaken by a suitably qualified valuer, or valuers, who have the knowledge, skills and understanding to undertake the valuations competently and will act as an External Valuer qualified for the purpose of the valuation.

The proposed valuation is a Regulated Purpose Valuation. We confirm that there are no Properties which have been acquired by the Client within the 12 months preceding the date of the valuation in respect of which DTZ has either received an introductory fee or negotiated that purchase on behalf of the Client.

DTZ provided a valuation report dated 8 April 2003 which was included in the offering circular dated 8 April 2003 in respect of the securitisation undertaken by the Client. In addition, DTZ provided further reports dated 20 February 2006, 22 September 2010 and 17 July 2013 in connection with additional fund raising in respect of the securitisation undertaken by the Client. In addition DTZ have provided advice in respect of Uniform Business Rates matters to the Client. We do not consider that any conflict arises in preparing the advice herein as requested by the Client.

It is essential that DTZ ensure there will be no potential conflicts of interest arising from our involvement not only with the Portfolios and the Client but also with any related parties to the Client. Accordingly, please could the Client advise us of any parties connected to its organisation.

In accordance with PS 2.8 and UKVS 4, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time DTZ has continuously been carrying out that valuation instruction for the Client, the extent and duration of our relationship with the Client and the proportion of our total fee income made up by the fees payable by the Client (to the nearest five percentage points). We shall require these disclosures to be made in any published references to our Valuation Report.

4 Basis of valuation

In accordance with the Client's instructions, we will undertake our valuations on the following basis:-

Market Value

The definition of Market Value set out in Schedule 1 attached

Assumptions

Valuations carried out by DTZ for the purposes of the services identified above will be prepared on the basis that the Assumptions set out in the Valuation Conditions and Assumptions are correct. The Client's countersignature of this letter represents their confirmation that all of these Assumptions are correct. The Client must promptly notify DTZ in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Valuation Conditions and Assumptions result in an increase in the scope of the Engagement this may result in an appropriate increase in DTZ's fees and expenses due under the Terms of the Engagement.

5 Other matters

Purpose

Our Valuation Report will be provided solely for the purpose referred to in the section "The Scope of the Engagement."

Limitations

As detailed in Section 2 of this Engagement Letter we will not inspect all of the Properties. As agreed with the Client we will inspect a sample of the Properties which will be selected with reference to tenure, geographical location and revenue generation. As stated above this is considered professionally adequate however we will require the Client to confirm whether there has been any material change in circumstance at any of the Properties since our last valuation and or inspection. A material change in circumstance is taken to be either a material change in the physical circumstances of the property or the surrounding area. Any change that impacts on the ability of a property to trade in line with historic levels must be clearly stated.

Addressees

Our Report will be addressed to Dignity Finance plc, The Royal Bank of Scotland plc, acting as Arranger and Lead Manager, and BNY Mellon Corporate Trustee Services Limited ("BNY Mellon"), acting as Security Trustee.

Staffing

Charles Smith will be responsible for our work on this assignment. He will be assisted by Tom Nuttall MRICS and Elliot Cumming who will be responsible for the day-to-day conduct of the project.

Fees

The fee for undertaking the Service shall be dealt with via separate correspondence and shall be payable by the Client.

Limitation of Liability

The cap on liability in Clause 12.3 of the DTZ Terms and Conditions shall be modified in relation to valuations so that DTZ's aggregate liability arising out of, under or in connection with this Engagement shall be capped at £50 million.

Disclosure and Syndication

The contents of this Valuation Report and Schedule may be relied upon only by the addressees in connection with the Transaction described in the prospectus/the Purpose of this Valuation. No reliance may be placed upon the contents of the Valuation Report and Schedule by any party who is not an addressee of this Valuation Report or by an addressee of this Valuation Report for any purpose other than in connection with the Transaction/Purpose of this Valuation. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions and/or Departures referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Report are combined with others

The Royal Bank of Scotland plc and BNY Mellon Corporate Trustee Services limited shall be able to disclose the Valuation Report and this letter on a non reliance basis to their professional advisers and as maybe requested or required by law, regulation or any supervisory or regulatory authority having previously informed DTZ in writing of the details of such parties.

DTZ and the Client and RBS must agree the nature of DTZ's responsibility to any further named parties prior to any disclosure of our Valuation Report. In this connection, the cap on liability provisions referred to above is the maximum liability of DTZ in respect of any and all claims that maybe brought by the Client and RBS and/or such further named parties arising out of, under or in connection with this Engagement subject to DTZ agreeing that such named parties may have reliance on the Valuation Report.

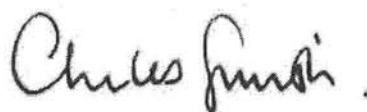
Clause 8.1 of the DTZ Terms and Conditions states that the provision of the services is for the Client's benefit only. If we are subsequently asked to extend responsibility to other parties, then there will be an additional fee payable, to be agreed, to cover our additional time costs, indemnity and insurance liabilities subject to a minimum of £500, plus VAT.

Terms and Conditions

The terms and Conditions governing this Engagement shall be the DTZ Terms and Conditions (attached for your ease of reference), and this Engagement Letter (including the attached Valuation Conditions and Assumptions).

I would be grateful if you would sign and date the enclosed copy of this letter and return the same to me by way of confirmation of your company's acceptance of the above terms and conditions.

Yours faithfully



Charles Smith MRICS
International Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited

Acceptance of DTZ Engagement Letter and the DTZ Terms and Conditions

I have read the DTZ Engagement Letter, the Valuation Conditions and Assumptions and the DTZ Terms and Conditions and hereby confirm this Engagement on the basis of the Terms of Business.

Dignity Finance plc

Signature
Name
Position & Company
Date

The Royal Bank of Scotland plc

Signature
Name
Position & Company
Date

BNY Mellon Corporate Trustee Services Limited

Signature
Name
Position & Company
Date



JAMES SURIN
VP
5th September 2014

SCHEDULE 1:

DTZ Commercial/Industrial Property Valuation Engagement Letter

Definitions of the Bases of Valuation

Market Value

Market Value as defined in VPS 4.1.2 of the RICS Valuation – Professional Standards 2014 UK Edition ("the Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The conceptual framework settled by the IVSC is set out in paragraphs 31-35 of the IVS Framework and is reproduced below:-

"30. The definition of *market value* shall be applied in accordance with the following conceptual framework:

- (a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;
- (b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;
- (c) "on the *valuation date*" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as at the *valuation date*, not those at any other date;
- (d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

- (e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
 - (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;
 - (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;
 - (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
 - (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
31. The concept of *market value* presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).
32. The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or

for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. The highest and best use of an asset valued on a stand-alone basis may be different from its *highest and best* use as part of a group, when its contribution to the overall value of the group must be considered.
34. The determination of the highest and best use involves consideration of the following:
 - (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (e) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."

Valuation Conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. These conditions and Assumptions apply to the valuation(s) that will be the subject of this instruction. We shall make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we will not verify as part of the valuation process but rather, as per the Glossary to the RICS Valuation – Professional Standards 2014 UK Edition (Red Book), will treat as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

1 Basis of Valuation

The Properties will be valued on the basis set out in the Engagement Letter as those terms are defined in the Schedule attached thereto.

2 Title

We will not have access to the title deeds of the Properties. Unless specifically advised to the contrary by you or your legal adviser, we shall make the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We shall also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where Certificates of Title are available, we will reflect their contents in our valuations. Save as disclosed either in any such Certificates of Title or as referred to in our Report, we will make the Assumption that there are good and marketable titles and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We will also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where a Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required, the matter must be referred by you to your solicitors.

3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or give warranties as to, the condition of the structure, foundations, soil and services.

Our valuations will take account of the general condition of the Properties as observed from the valuation inspections. Where separate condition or structural surveys have been undertaken and made available to us, we shall reflect the contents of the survey reports in our valuations, but may need to discuss the reports with the originating surveyor.

Due regard will be paid to the apparent state of repair and condition of the Properties, but condition surveys will not be undertaken, nor will woodwork or other parts of the structures which are covered, unexposed or inaccessible, be inspected. Therefore, we will be unable to report that the Properties are structurally sound or are free from any defects. We will make an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

We will not arrange for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations, and therefore we will not be able to confirm that the Properties are free from risk in this regard. For the purposes of our valuation(s), we will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We will not carry out asbestos inspections and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. We will not make an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we will make an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken to certify that the sites are free from any defect as to foundations. We will make an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed, or to be constructed thereon. We will also make an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, we will make an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

4 Plant and Machinery

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to their trading potential to include:

- the land and the buildings;
- trade fixtures, fittings, furniture, furnishings and equipment; and
- with an assumed ability to renew existing licences, consents, registrations, permits and certificates. Consumable stocks, vehicles and loose tools have been excluded.

In undertaking our valuation as a fully equipped and operational entity, we will include reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. It will be assumed that all items are fully owned and not held on lease, hire purchase or the subject of any other ownership rights. Further it will be assumed that all items are in satisfactory condition and sufficient for the effective operation of the business unless specifically stated to the opposite. We have excluded stock and loose tools.

5 Goodwill

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to the market's perception of the trading potential of the Properties excluding personal goodwill and any other intangibles.

6 Floor areas and inspections

All the Properties will be inspected. None of the Properties will be measured as this is not a determining factor in the valuations.

7 Environmental matters, including flooding

We have been instructed not to make any investigations in relation to environmental matters and to make enquiries of the Client.

The Client has confirmed to us that it is not aware of any environmental issues that would impact on the valuations reported. Therefore in accordance with our instructions we have assumed that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. We have no basis upon which to assess the reasonableness of this assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Other than as referred to above, we have not made any investigations to establish whether there is any contamination or potential for contamination to the Properties.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the Properties or on any neighbouring land, or that the premises have been or are being put to any contaminative use then this might reduce the estimated assessment of value.

Commensurate with our Assumptions set out above we have not made any allowance in this estimated assessment of value for any effect in respect of actual or potential contamination of land or buildings.

If any of the Properties lie within or close to a flood plain, or have a history of flooding, we shall make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made, our Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other environmental problem, then this might reduce the values reported.

8 Statutory requirements and planning

In accordance with your instructions we will make no enquiries of the local planning authorities and will rely upon the planning searches and investigations to be detailed in the Certificates of Title.

Save as disclosed in a Certificate of Title or unless otherwise advised, we shall make the Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation and that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We shall make the Assumption that the Properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive we shall make an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating below a yet to be confirmed level. Current opinion is that the minimum EPC rating will be an E but this is not confirmed. We will ask you or your advisors for information relating to the EPC rating of those properties which are not exempt from these requirements. In those instances where we are not provided with an up to date EPC rating for affected properties we will make an Assumption that the subject property(ies) meet(s) the minimum requirements to enable the property(ies) to be let after April 2018.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

Certain planning authorities will not provide verbal information and require a formal written application for information. Some authorities charge for the information supplied. In such cases we may discuss with you whether to obtain the information and also the extent to which a Valuation Report issued without the receipt of such information or prior to receipt of formal response should be qualified. We would look to you to recompense us for any costs levied upon us by the authority in this matter.

In instances where we are to value property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, we will make an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject

to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

9 Defective Premises Act 1972

No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

10 Leasing

In undertaking the valuations of the Properties, we will rely on and reflect the lease details which are contained in a schedule which has been provided to us by the Client.

As instructed, we will assume that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

11 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

12 Information

We shall make the Assumption that the information provided by you and your professional advisers in respect of the Properties to be valued is both full and correct and our Valuation Report will contain a statement to this effect. We shall make the Assumption that details of all matters relevant to value within your/their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

13 Deduction of notional purchaser's costs

The Market Value which we will attribute to each of the Properties is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we will make allowances in respect of stamp duty and purchasers' costs.

14 Taxation

No adjustment will be made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property will be that receivable by the willing seller excluding VAT, if applicable.

15 Properties in the course of development or requiring repair/refurbishment

Unless specifically agreed to the contrary, our fee assumes that we will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the quantity surveyors involved in the construction programme. Unless specifically instructed to the contrary we will be relying upon these figures, and you should make this fact known to them. Alternatively, we can arrange for independent quantity surveyors to provide an assessment at an additional fee charge.

If any of the buildings are in the course of construction then our valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. We will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

16 Regulated Purpose Valuations

In accordance with the provisions of UK VS 4.2, where the instruction is a Regulated Purpose Valuation, we are unable to undertake such a valuation of a property acquired by our client within the twelve months preceding the valuation date if, in relation to that property, we received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with us, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

17 Rotation of valuation personnel

The valuation instruction is for a purpose which means it falls within the definition of Regulated Purpose Valuations as referred to in PS 2.8 and VS 4.1. In accordance with PS 2.8 we have included in these Valuation Conditions and Assumptions our policy on the rotation of the valuer who accepts responsibility for these types of valuations and a statement of the quality control procedures that are in place. This included below:-

DTZ Debenham Tie Leung supports the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years, unless there are overriding circumstances to the contrary. DTZ discusses the method of rotation of the signatory to Regulated Purpose Valuation reports with its clients.

DTZ operates internal quality control procedures throughout its valuation practice including a system whereby the valuation of property meeting certain criteria requires the approval of an internal investment valuation committee.

18 Monitoring

The compliance of the valuations undertaken in accordance with RICS Valuation – Professional Standards 2014 UK Edition may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

DTZ Terms and Conditions

Clause 1 - Definitions

In the DTZ Terms and Conditions and the Engagement Letter the following terms shall have the following meanings:-

- 1.1 "Client": the person, firm or company to whom DTZ is to provide Services in accordance with the Terms of Business.
- 1.2 "DTZ": Debenham Tie Leung Ltd, whose registered office is at 125 Old Broad Street, London, EC2N 2BQ; telephone: +44 (0)20 3296 3000 and, where appropriate, any subsidiary and/or associated company of DTZ Debenham Tie Leung Limited and/or any holding company of DTZ Debenham Tie Leung Limited and/or any subsidiary and/or any associated company of such holding company.
- 1.3 "DTZ Terms and Conditions": these DTZ standard terms and conditions of business.
- 1.4 "Engagement": the Client's appointment of DTZ to provide particular Services pursuant to the Terms of Business.
- 1.5 "Engagement Letter": The DTZ letter for a DTZ business line issued to the Client which identifies particular Services to be provided by it and that sets out other terms and conditions that shall form part of the Engagement contract between DTZ and the Client together with the DTZ Terms and Conditions. Where the context admits, documents cross referenced and/or attached to the DTZ letter shall form part of the Engagement Letter.
- 1.6 "Force Majeure Event": an event falling within the definition set out at Clause 14.1.
- 1.7 "Intellectual Property Rights": all patents, copyrights and design rights (whether registered or not and all applications for any of the foregoing), and all rights of information, data, know-how or experience whether patentable or not whensoever and howsoever arising and all renewals and extensions thereof.
- 1.8 "Party": DTZ or the Client as the case may be.
- 1.9 "Services": services falling within the known areas of expertise and specialisation of DTZ as more particularly identified in an Engagement Letter or, where no Engagement Letter has been issued, that are the subject of a Client instruction to DTZ to proceed to act on the Client's behalf.
- 1.10 "Terms of Business": Subject to 24.7, the DTZ Terms and Conditions and any applicable Engagement Letter.

Clause 2 - Scope of Business

- 2.1 Where the Client appoints DTZ to provide Services, the appointment shall be on the basis of the DTZ Terms and Conditions and any applicable Engagement Letters. The purpose of an Engagement Letter shall be to address

business line and project specific issues, including the precise scope of Services, timescales for deliverables and fee levels as well as certain other terms and conditions.

- 2.2 In carrying out the Services, DTZ shall exercise the reasonable care and skill to be expected of a competent provider of services similar in scope, nature and complexity to the Services. No other warranty or representation, express or implied, shall apply under and/or in connection with the Engagement.

Clause 3 - Fees and Expenses

- 3.1 All fees for performance of the Services shall be calculated in accordance with the fee structure set out in the Engagement Letter.
- 3.2 The Client shall reimburse to DTZ all expenses properly incurred by it in the performance of the Services, including without limitation, travel expenses, accommodation, subsistence, telephone, fax, postage, copying, photography, advertising and any other goods and services purchased.
- 3.3 DTZ reserves the right to require payments to be made on account before commencing or completing any Services. In such event, the amount of the on account payment shall be calculated having regard to the programme for performance of the Services and the likely timing and amounts of expenses to be incurred.
- 3.4 Fees stated shall be exclusive of value added tax which, where applicable, shall be charged to the Client at the prevailing rate.

Clause 4 - Payment

- 4.1 Invoices are payable by the client within 14 days of the date of the invoice.
- 4.2 All payments due to be made to DTZ under the Terms of Business shall be made without set-off or counterclaim and free of and without deduction for any taxes, levies or duties of any description. If the Client is required at any time by any applicable law to make any such deduction from any payment, the sum due in respect of such payment shall be increased such as shall result (notwithstanding such deduction in DTZ's receipt on its due date) in a net sum equal to the sum DTZ would have received had no such deduction been required.
- 4.3 DTZ may charge the Client interest (both before and after any judgment) on the balance of any unpaid invoice, at the rate of 3 % per annum over the Bank of

England base rate. Such interest shall run from the due date of settlement of the invoice until the date payment of the balance is received.

Clause 5 - The Client's Obligations

- 5.1 The Client shall pay to DTZ all fees, expenses and value added tax, as required pursuant to Clauses 3 and 4. DTZ may suspend and/or cease further work on behalf of the Client in the event of none, partial or late payment of any DTZ invoice.
- 5.2 The Client shall provide to DTZ all information reasonably required, and at the necessary times, to enable DTZ to carry out the Services pursuant to the Terms of Business.
- 5.3 The Client acknowledges that DTZ is entitled to rely upon the accuracy, sufficiency and consistency of any information supplied to it by the Client. DTZ shall have no liability for any inaccuracies contained in any information provided by the Client or any third party on behalf of the Client.
- 5.4 The Client authorises DTZ to speak to or meet with any other person it may need to contact in order to provide the Services. DTZ may release to such person for the purpose of the Services any information reasonably necessary to perform the Services and which it has obtained during the Engagement. DTZ shall not be liable for any use subsequently made of that information.

Clause 6 - Intellectual Property

- 6.1 DTZ is the beneficial owner of all Intellectual Property Rights arising out of or in connection with the provision of the Services to the Client.
- 6.2 Subject to all payments due under the Engagement having been paid, the Client shall have an irrevocable, royalty free, non-exclusive licence to copy and use all materials created by or on behalf of DTZ (and in relation to which DTZ is the beneficial owner of the Intellectual Property Rights) for any purpose relating to the Engagement.

Clause 7 - Electronic Communications

- 7.1 DTZ shall not be liable for any loss arising from the Client's receipt of any information, data or communications supplied or sent by DTZ electronically. The Client shall use all reasonable procedures to seek to ensure that any materials sent by any electronic medium and/or by computer disc to DTZ are virus free.
- 7.2 DTZ may communicate with the Client by email.

Clause 8 - Documents

- 8.1 The provision of the Services is for the Client's benefit only. No part of any report or advice produced by DTZ for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of

DTZ and DTZ shall not be liable to any third party which relies upon any such report or advice.

- 8.2 After completing an Engagement, DTZ shall be entitled to keep any Client papers and documents held while payments due under the Engagement are outstanding.
- 8.3 DTZ shall keep its Engagement files for 6 years after issue of DTZ's final invoice, on the basis that DTZ shall have the Client's authority to destroy the files upon the expiry of that period unless the Client has beforehand requested in writing the return of Client papers or documents. DTZ shall not be liable for any loss of documentation after the stated retention date.
- 8.4 The Client shall be responsible for DTZ's charges in producing any documentation which the Client requires in order to comply with a third party request for disclosure under the Freedom of Information Act 2000 (FOIA). For the avoidance of doubt, the Client, not DTZ, shall liaise with such third party.

Clause 9 - Confidentiality

- 9.1 DTZ shall seek the Client's prior consent to DTZ announcing without limitation, through advertising, and by references in proposals or submissions to prospective clients, that they are providing or have provided the Services to the Client. Such consent shall not be unreasonably withheld or delayed.
- 9.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement): (a) any information received by it in respect of the methodologies and/or technologies used by DTZ in providing the Services; (b) the details of the commercial terms on which DTZ provides the Services; and (c) any other information in respect of DTZ's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.3 DTZ shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.4 The provisions of Clause 9 shall not apply to either Party to the extent that disclosure is required by law or regulatory authorities, to the respective professional advisers of the Parties, or to a bona fide purchaser of DTZ and the purchaser's professional advisers.

Clause 10 – Professional Indemnity Insurance

- 10.1 DTZ shall effect and maintain, for a period of 6 years from completion of any Engagement, professional indemnity insurance with a limit of indemnity of no less than £10 million provided always that such insurance remains available at commercially reasonable rates.

Clause 11 - Non-Solicitation by Client

- 11.1 The Client shall not offer employment to any employee of DTZ working on an Engagement for the Client or induce or solicit any such employee to take up employment with the Client for a period of 6 months following the end of any involvement by that person with any Engagement for the Client.
- 11.2 In the event that the Client breaches Clause 11.1, DTZ shall be entitled to be paid compensation by the Client equal to 6 months salary of the employee concerned.

Clause 12 - Limitation of Liability

- 12.1 Nothing in the Engagement Letter or DTZ Terms and Conditions will limit or exclude a party's liability for:
- (a) death or personal injury caused by its negligence;
 - (b) fraud or fraudulent misrepresentation; or
 - (c) any other liability which cannot be limited or excluded by applicable law.
- 12.2 Subject to Clause 12.1, DTZ will not have any liability, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, to the Client or any third party for any loss of profit, whether direct or indirect, or for any indirect or consequential loss arising under or in connection with the Engagement.
- 12.3 Subject to Clause 12.1 and clause 12.2 and notwithstanding anything to the contrary contained in the Engagement, DTZ's total liability to the Client and any third party, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, arising under or in connection with the Engagement will be limited to an aggregate of the fees payable by the Client for the Engagement.
- 12.4 Without prejudice to the other sub-clauses of Clause 12, where the Engagement involves DTZ being appointed as part of a Client project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require DTZ to pay having regard to the extent of DTZ's responsibility for the same and on the basis that all other Client consultants and

contractors shall be deemed to have provided contractual undertakings on terms no less onerous than this Clause 12.3 to the Client in respect of the performance of their services in connection with the project and that there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above and on the basis they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.

- 12.5 This Clause 12 will survive termination of the Engagement.

Clause 13 – Money Laundering and Anti-Bribery Procedures

- 13.1 The Client shall provide all necessary cooperation so as to ensure that DTZ is able to meet its obligations under:
- 13.1.1 The Proceeds of Crime Act 2002 and Money Laundering Regulations 2007; and
 - 13.1.2 The Bribery Act 2010,
- and shall itself comply with such obligations.

Clause 14 – Force Majeure

- 14.1 Neither Party shall be deemed to be in default or liable to the other Party for any matter whatsoever for any delays in performance or from failure to perform or to comply with the Terms of Business due to any cause beyond that Party's reasonable control including, without limitation, acts of God, acts of Government or other competent regulatory authority, telecommunications, network operators, war or national emergency, riots, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes and other industrial disputes (in each case, whether or not relating to that Party's workforce).
- 14.2 Each Party agrees to give notice forthwith to the other upon becoming aware of a Force Majeure Event, such notice to contain details of the circumstances giving rise to the Force Majeure Event.

Clause 15 - Termination

- 15.1 Without prejudice to any other rights or remedies a Party may possess:
- 15.1.1 DTZ may terminate the Engagement by notice immediately if the Client has failed to pay an invoice within 30 days of the final date for payment of that invoice.

15.1.2 Either Party may terminate the Engagement by notice immediately if the other Party becomes insolvent.

15.1.3 Either Party may terminate the Engagement by notice immediately if the other Party is in breach of its obligations and where such breach is capable of remedy the other Party fails to remedy such breach within 30 days of receipt of a notice specifying the breach.

15.2 For the purposes of Clause 15.1.2, a Party is insolvent if it enters into an arrangement, compromise or composition in satisfaction of its debts or goes into liquidation (in either case otherwise than for the purpose of amalgamation or reconstruction), or has a winding up or bankruptcy order made against it, or it has appointed to it an administrator or administrative receiver or any step analogous to any of the foregoing occurs.

15.3 Either Party may terminate an Engagement by giving not less than 30 days written notice to the other. In such event DTZ shall be entitled to payment of fees for the Services it has performed, and payment of the expenses it has properly incurred, up to the date of termination. Where the Engagement Letter does not identify how to calculate the fees that shall be payable where termination under this Clause 15.3 occurs, a fair and reasonable pro rata calculation shall apply having regard to the fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination.

15.4 The expiration or the termination of an Engagement, however arising, shall not operate to affect such of the provisions of the Engagement as are expressed to operate or continue in effect after then and shall be without prejudice to any rights or liabilities accrued at the date of such expiration or termination.

Clause 16 – No Waiver, Partnership or Joint Venture

16.1 No waiver by a Party of any breach by another Party in the performance of any of its obligations under this Agreement shall operate or be construed as a waiver of any other or further breach whether of a like or different character or be effective unless in writing duly executed by an authorised representative of the affected Party.

16.2 The failure by a Party to insist on any occasion upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one Party to another shall not thereby act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right under the Engagement, which shall remain in full force and effect.

16.3 An Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, or to impose

any partnership obligation or liability upon either Party.

Clause 17 – Entire Agreement

17.1 The Terms of Business constitute the entire agreement and understanding of the Parties as to the subject matter of the Terms of Business. They supersede any prior agreement or understandings between the Parties and no variation of the DTZ Terms and Conditions or any Engagement Letter shall be binding unless agreed in writing.

17.2 The Client expressly acknowledges that it has not been induced to enter into the Terms of Business by any warranty or representation or other assurance not expressly incorporated in the Terms of Business.

Clause 18 – Severability

18.1 If any provision of the Terms of Business is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the Terms of Business shall not be impaired.

Clause 19 – Contracts (Rights of Third Parties) Act 1999

19.1 DTZ may perform any of its obligations or exercise any of its rights under the Terms of Business through any subsidiary or associated company of DTZ Debenham Tie Leung Limited or any holding company of DTZ Debenham Tie Leung or any subsidiary or associated company of such holding company but in all other respects no term of the Engagement is intended for the benefit of a third party and the Parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

Clause 20 – Assignment

20.1 An Engagement shall not be assigned or transferred by either Party without the prior consent of the other save that DTZ shall be entitled by writing to the Client to assign all or any of its rights under an Engagement to any company in the same group of companies as DTZ or associated with DTZ.

Clause 21 – Notices

21.1 Any notice or other information to be given by either Party to the other under the Engagement shall be given by:

21.1.1 Delivering the same by hand;

21.1.2 Sending the same by pre-paid registered post; or

21.1.3 Sending the same by email, facsimile transmission or comparable means of communication;

to the other Party at the address given in Clause 21.4.

21.2 Any notice or information sent by post in the manner provided by Clause 21.1.2 which is not returned to the sender as undelivered shall be deemed to have been given on the second day after the envelope containing it was so posted; and proof that the envelope containing any such notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.

21.3 Any notice or information sent by telex, facsimile transmission or comparable means of communication shall be deemed to have been duly given on the date of transmission, provided that a confirming copy is sent to the other Party at the address given in Clause 21.4 within 24 hours after transmission.

21.4 The address of either Party for service for the purposes of Clause 21 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other Party in writing from time to time.

Clause 22 – Miscellaneous

22.1 Each Party warrants that it has power to enter into the Terms of Business and that it has obtained all necessary consents and/or approvals to do so.

22.2 The Engagement shall inure to the benefit of, and be binding upon, the permitted successors and permitted assignees to the Parties.

22.3 Where the Client comprises two or more Parties their liability under the Engagement shall be joint and several.

22.4 No actions or proceedings arising under or in respect of the Engagement shall be commenced against DTZ after 6 years after the date of completion of the Engagement, or such earlier date as may be prescribed by law.

Clause 23 - Dispute Resolution and Governing Law

23.1 In the event that the Client is dissatisfied with the provision of the Services by DTZ under the Terms of Business it must refer such complaint in the first instance to the director in charge of the Engagement in accordance with the provisions of DTZ's complaints procedure current at the time of the complaint. DTZ shall supply to the Client a copy of the complaints procedure upon the request of the Client.

23.2 The parties irrevocably submit to the exclusive jurisdiction of the English Courts, subject to the rights of either party to enforce a judgement obtained in the English Courts in any other jurisdiction.

23.3 The terms of Business shall be governed by and construed in accordance with English Law.

Clause 24 – Interpretation

24.1 Words importing the singular also include the plural and vice versa where the context requires.

24.2 Words importing persons or parties shall include firms, corporations and any other organisation having legal capacity.

24.3 The headings in the Terms of Business are not part of the Terms of Business nor shall they be taken into consideration in its interpretation or construction;

24.4 All references in the Terms of Business to Clause numbers are references to Clause numbers in the DTZ Terms and Conditions and not to those in any other documents forming part of the DTZ Terms and Conditions unless the context otherwise indicates.

24.5 Reference to a statute or statutory provision includes it as from time to time amended, extended or re-enacted.

24.6 These DTZ Terms and Conditions and any applicable Engagement Letter shall be read together as a single document.

24.7 If there is any conflict between the provisions of:

24.7.1 The DTZ Terms and Conditions and any applicable Engagement Letter, the Engagement Letter shall have priority;

24.7.2 An Engagement Letter and any documents cross referenced and/or attached to that Engagement Letter, the Engagement Letter shall have priority.

Clause 25 - Data Protection

25.1 DTZ may use the Client's details in providing the Services under this Engagement and for the ongoing administration of the Services. To the extent that the Data Protection Act applies, DTZ undertakes that:

i) - It shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in

Schedule 1 of the Data Protection Act 1998;

ii) - DTZ shall not disclose or allow access to any personal data provided by the Client or acquired by DTZ during the course of executing its obligations under this Engagement, other than to a person employed or engaged by DTZ and their legal or financial advisers;

iii) - Any disclosure of or access allowed to personal data shall be made in confidence and shall extend only so far as is necessary for the purposes of carrying out the Engagement and shall not be disclosed in breach of any Law.

- 25.2 It is a condition of this Engagement, that DTZ may search your record at Credit Reference Agencies for the purposes of verifying your identity and to assess whether you are able to fulfil your payment obligations under the Terms of this Engagement.

Email: charles.smith@dtz.com
Direct Tel: +44 (0)20 3296 4411
Direct Fax: +44 (0)20 3296 3200



Your Ref:
Our Ref: 1410SG00

125 Old Broad Street
LONDON
EC2N 1AR

29 August 2014

Dignity Finance plc
4 Edwards Court
King Edward Square
Sutton Coldfield
West Midlands
B73 6AP

Telephone: 020 3296 3000
Facsimile: 020 3296 3100

www.dtz.com

The Royal Bank of Scotland plc ("RBS")
135 Bishopsgate
London, EC2M 3UR

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London, E14 5AL

Dear Sirs

Valuation Engagement letter for the proposed TAP Issue of Securitised Debt

We refer to the discussions between Charles Smith and Stephen Whittern for DTZ to provide valuations of the properties detailed below. We thank the Client for this valued instruction and are pleased to confirm the basis on which we propose to carry out the Services.

The Scope of the Engagement

Our Engagement is summarised below:-

Client: Dignity Finance plc (the "Client").

Property: A portfolio of funeral homes and crematoria comprising 736 properties comprised of the "Funeral Home Portfolio" also the "Funeral Home Properties" and the "Crematoria Portfolio" also the "Crematoria Properties" and collectively the "Portfolios" or the "Properties".

Type of property: Funeral homes and Crematoria

Tenure: 332 Freehold properties, 32 long leasehold properties and 372 short leasehold properties.

Valuation date: Date of Issue of Valuation Report

Purpose of Valuation: Tap Issue

A list of directors' names is open to inspection at the above address
DTZ Debenham Tie Leung Limited Registered in England No 2757768
Registered office 125 Old Broad Street London EC2N 1AR



1 Compliance with RICS Valuation – Professional Standards 2014 UK Edition

Save as outlined below, DTZ confirms that the valuations will be prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS"), RICS Global Valuation Practice Guidance – Applications ("VPGA") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation – Professional Standards 2014 UK Edition (the "Red Book"). It follows that the valuation(s) is/are compliant with International Valuation Standards ("IVS").

In accordance with our instructions, our valuation departs (the "Departure") from the procedure set out in the Red Book in that the definition of Market Value has been qualified by assuming that the Portfolios may be used only for their existing use for the foreseeable future, in order to reflect the market practice of valuing the Crematoria Portfolio and the Funeral Home Portfolio as single entities.

Although only a sample of the Portfolio has been re-inspected it is considered that the number of properties inspected is professionally adequate as set out in the Red Book and therefore does not represent a departure from the Red Book.

The qualification of the definition of Market Value represents a departure from VPS4 (1.2) of the Red Book but, in our view, in light of the nature and size of the Portfolios, we believe such a deviation to be reasonable in order to provide the valuations referred herein.

2 The Reasons for Non-Compliance with the Manual

The definition of Market Value has been qualified by assuming existing use only in order to reflect the market practice of purchasing large numbers of funeral homes and Crematoria assets as part of a property portfolio in their existing use. No regard has been had to potential alternative use. Purchasers of portfolios of the type in question assess the cash flow generated by such assets and do not place any specific reliance on potential alternative uses. They do however expect that within a portfolio of so many assets there will inevitably be some instances where there is a higher alternative use value.

3 Status of valuer and conflicts of interest

DTZ confirms that the valuations shall be undertaken by a suitably qualified valuer, or valuers, who have the knowledge, skills and understanding to undertake the valuations competently and will act as an External Valuer qualified for the purpose of the valuation.

The proposed valuation is a Regulated Purpose Valuation. We confirm that there are no Properties which have been acquired by the Client within the 12 months preceding the date of the valuation in respect of which DTZ has either received an introductory fee or negotiated that purchase on behalf of the Client.

DTZ provided a valuation report dated 8 April 2003 which was included in the offering circular dated 8 April 2003 in respect of the securitisation undertaken by the Client. In addition, DTZ provided further reports dated 20 February 2006, 22 September 2010 and 17 July 2013 in connection with additional fund raising in respect of the securitisation undertaken by the Client. In addition DTZ have provided advice in respect of Uniform Business Rates matters to the Client. We do not consider that any conflict arises in preparing the advice herein as requested by the Client.

It is essential that DTZ ensure there will be no potential conflicts of interest arising from our involvement not only with the Portfolios and the Client but also with any related parties to the Client. Accordingly, please could the Client advise us of any parties connected to its organisation.

In accordance with PS 2.8 and UKVS 4, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time DTZ has continuously been carrying out that valuation instruction for the Client, the extent and duration of our relationship with the Client and the proportion of our total fee income made up by the fees payable by the Client (to the nearest five percentage points). We shall require these disclosures to be made in any published references to our Valuation Report.

4 Basis of valuation

In accordance with the Client's instructions, we will undertake our valuations on the following basis:-

Market Value

The definition of Market Value set out in Schedule 1 attached

Assumptions

Valuations carried out by DTZ for the purposes of the services identified above will be prepared on the basis that the Assumptions set out in the Valuation Conditions and Assumptions are correct. The Client's countersignature of this letter represents their confirmation that all of these Assumptions are correct. The Client must promptly notify DTZ in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Valuation Conditions and Assumptions result in an increase in the scope of the Engagement this may result in an appropriate increase in DTZ's fees and expenses due under the Terms of the Engagement.

5 Other matters

Purpose

Our Valuation Report will be provided solely for the purpose referred to in the section "The Scope of the Engagement.

Limitations

As detailed in Section 2 of this Engagement Letter we will not inspect all of the Properties. As agreed with the Client we will inspect a sample of the Properties which will be selected with reference to tenure, geographical location and revenue generation. As stated above this is considered professionally adequate however we will require the Client to confirm whether there has been any material change in circumstance at any of the Properties since our last valuation and or inspection. A material change in circumstance is taken to be either a material change in the physical circumstances of the property or the surrounding area. Any change that impacts on the ability of a property to trade in line with historic levels must be clearly stated.

Addressees

Our Report will be addressed to Dignity Finance plc, The Royal Bank of Scotland plc, acting as Arranger and Lead Manager, and BNY Mellon Corporate Trustee Services Limited ("BNY Mellon"), acting as Security Trustees.

Staffing

Charles Smith will be responsible for our work on this assignment. He will be assisted by Tom Nuttall MRICS and Elliot Cumming who will be responsible for the day-to-day conduct of the project.

Fees

The fee for undertaking the Service shall be dealt with via separate correspondence and shall be payable by the Client.

Limitation of Liability

The cap on liability in Clause 12.3 of the DTZ Terms and Conditions shall be modified in relation to valuations so that DTZ's aggregate liability arising out of, under or in connection with this Engagement shall be capped at £50 million.

Disclosure and Syndication

The contents of this Valuation Report and Schedule may be relied upon only by the addressees in connection with the Transaction described in the Offering Circular/the Purpose of this Valuation. No reliance may be placed upon the contents of the Valuation Report and Schedule by any party who is not an addressee of this Valuation Report or by an addressee of this Valuation Report for any purpose other than in connection with the Transaction/Purpose of this Valuation. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions and/or Departures referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Report are combined with others

The Royal Bank of Scotland plc and BNY Mellon Corporate Trustee Services Ltd shall be able to disclose the Valuation Report and this letter on a non reliance basis to their professional advisers and as maybe requested or required by law, regulation or any supervisory or regulatory authority having previously informed DTZ in writing of the details of such parties.

DTZ and the Client and RBS must agree the nature of DTZ's responsibility to any further named parties prior to any disclosure of our Valuation Report. In this connection, the cap on liability provisions referred to above is the maximum liability of DTZ in respect of any and all claims that maybe brought by the Client and RBS and/or such further named parties arising out of, under or in connection with this Engagement subject to DTZ agreeing that such named parties may have reliance on the Valuation Report.

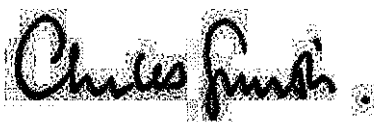
Clause 8.1 of the DTZ Terms and Conditions states that the provision of the services is for the Client's benefit only. If we are subsequently asked to extend responsibility to other parties, then there will be an additional fee payable, to be agreed, to cover our additional time costs, indemnity and insurance liabilities subject to a minimum of £500, plus VAT.

Terms and Conditions

The terms and Conditions governing this Engagement shall be the DTZ Terms and Conditions (attached for your ease of reference), and this Engagement Letter (including the attached Valuation Conditions and Assumptions).

I would be grateful if you would sign and date the enclosed copy of this letter and return the same to me by way of confirmation of your company's acceptance of the above terms and conditions.

Yours faithfully



Charles Smith MRICS
International Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited

Acceptance of DTZ Engagement Letter and the DTZ Terms and Conditions

I have read the DTZ Engagement Letter, the Valuation Conditions and Assumptions and the DTZ Terms and Conditions and hereby confirm this Engagement on the basis of the Terms of Business.

Dignity Finance plc

Signature
Name
Position & Company
Date

The Royal Bank of Scotland plc

Signature
Name
Position & Company
Date

BNY Mellon Corporate Trustee Services Limited

Signature
Name
Position & Company
Date

SCHEDULE 1:

DTZ Commercial/Industrial Property Valuation Engagement Letter

Definitions of the Bases of Valuation

Market Value

Market Value as defined in VPS 4.1.2 of the RICS Valuation – Professional Standards 2014 UK Edition ("the Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The conceptual framework settled by the IVSC is set out in paragraphs 31-35 of the IVS Framework and is reproduced below:-

"30. The definition of *market value* shall be applied in accordance with the following conceptual framework:

- (a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;
- (b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;
- (c) "on the *valuation date*" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as at the *valuation date*, not those at any other date;
- (d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

- (e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
 - (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;
 - (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;
 - (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
 - (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
31. The concept of *market value* presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).
32. The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or

for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. The highest and best use of an asset valued on a stand-alone basis may be different from its *highest and best* use as part of a group, when its contribution to the overall value of the group must be considered.
34. The determination of the highest and best use involves consideration of the following:
 - (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (e) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."

Valuation Conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. These conditions and Assumptions apply to the valuation(s) that will be the subject of this instruction. We shall make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we will not verify as part of the valuation process but rather, as per the Glossary to the RICS Valuation – Professional Standards 2014 UK Edition (Red Book), will treat as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

1 Basis of Valuation

The Properties will be valued on the basis set out in the Engagement Letter as those terms are defined in the Schedule attached thereto.

2 Title

We will not have access to the title deeds of the Properties. Unless specifically advised to the contrary by you or your legal adviser, we shall make the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We shall also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where Certificates of Title are available, we will reflect their contents in our valuations. Save as disclosed either in any such Certificates of Title or as referred to in our Report, we will make the Assumption that there are good and marketable titles and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We will also make the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where a Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required, the matter must be referred by you to your solicitors.

3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or give warranties as to, the condition of the structure, foundations, soil and services.

Our valuations will take account of the general condition of the Properties as observed from the valuation inspections. Where separate condition or structural surveys have been undertaken and made available to us, we shall reflect the contents of the survey reports in our valuations, but may need to discuss the reports with the originating surveyor.

Due regard will be paid to the apparent state of repair and condition of the Properties, but condition surveys will not be undertaken, nor will woodwork or other parts of the structures which are covered, unexposed or inaccessible, be inspected. Therefore, we will be unable to report that the Properties are structurally sound or are free from any defects. We will make an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

We will not arrange for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations, and therefore we will not be able to confirm that the Properties are free from risk in this regard. For the purposes of our valuation(s), we will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We will not carry out asbestos inspections and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. We will not make an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we will make an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken to certify that the sites are free from any defect as to foundations. We will make an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed, or to be constructed thereon. We will also make an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, we will make an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

4 Plant and Machinery

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to their trading potential to include:

- the land and the buildings;
- trade fixtures, fittings, furniture, furnishings and equipment; and
- with an assumed ability to renew existing licences, consents, registrations, permits and certificates. Consumable stocks, vehicles and loose tools have been excluded.

In undertaking our valuation as a fully equipped and operational entity, we will include reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. It will be assumed that all items are fully owned and not held on lease, hire purchase or the subject of any other ownership rights. Further it will be assumed that all items are in satisfactory condition and sufficient for the effective operation of the business unless specifically stated to the opposite. We have excluded stock and loose tools.

5 Goodwill

The Properties will be valued with reference to their trading potential and as such will be valued as fully operational businesses with reference to the market's perception of the trading potential of the Properties excluding personal goodwill and any other intangibles.

6 Floor areas and inspections

All the Properties will be inspected. None of the Properties will be measured as this is not a determining factor in the valuations.

7 Environmental matters, including flooding

We have been instructed to rely upon the environmental searches and investigations to be detailed in the Certificates of Title. We have been instructed not to complete any additional investigations in relation to environmental matters.

The Client has confirmed to us that it is not aware of any environmental issues that would impact on the valuations reported. Therefore in accordance with our instructions we have assumed that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. We have no basis upon which to assess the reasonableness of this assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Other than as referred to above, we have not made any investigations to establish whether there is any contamination or potential for contamination to the Properties.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the Properties or on any neighbouring land, or that the premises have been or are being put to any contaminative use then this might reduce the estimated assessment of value.

Commensurate with our Assumptions set out above we have not made any allowance in this estimated assessment of value for any effect in respect of actual or potential contamination of land or buildings.

If any of the Properties lie within or close to a flood plain, or have a history of flooding, we shall make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made, our Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other environmental problem, then this might reduce the values reported.

8 Statutory requirements and planning

In accordance with your instructions we will make no enquiries of the local planning authorities and will rely upon the planning searches and investigations to be detailed in the Certificates of Title.

Save as disclosed in a Certificate of Title or unless otherwise advised, we shall make the Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation and that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We shall make the Assumption that the Properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive we shall make an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating below a yet to be confirmed level. Current opinion is that the minimum EPC rating will be an E but this is not confirmed. We will ask you or your advisors for information relating to the EPC rating of those properties which are not exempt from these requirements. In those instances where we are not provided with an up to date EPC rating for affected properties we will make an Assumption that the subject property(ies) meet(s) the minimum requirements to enable the property(ies) to be let after April 2018.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

Certain planning authorities will not provide verbal information and require a formal written application for information. Some authorities charge for the information supplied. In such cases we may discuss with you whether to obtain the information and also the extent to which a Valuation Report issued without the receipt of such information or prior to receipt of formal response should be qualified. We would look to you to recompense us for any costs levied upon us by the authority in this matter.

In instances where we are to value property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, we will make an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject

to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

9 Defective Premises Act 1972

No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

10 Leasing

In undertaking the valuations of the Properties, we will rely on and reflect the lease details which are contained in a schedule which has been provided to us by the Client.

As instructed, we will assume that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

11 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

12 Information

We shall make the Assumption that the information provided by you and your professional advisers in respect of the Properties to be valued is both full and correct and our Valuation Report will contain a statement to this effect. We shall make the Assumption that details of all matters relevant to value within your/their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

13 Deduction of notional purchaser's costs

The Market Value which we will attribute to each of the Properties is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we will make allowances in respect of stamp duty and purchasers' costs.

14 Taxation

No adjustment will be made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property will be that receivable by the willing seller excluding VAT, if applicable.

15 Properties in the course of development or requiring repair/refurbishment

Unless specifically agreed to the contrary, our fee assumes that we will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the quantity surveyors involved in the construction programme. Unless specifically instructed to the contrary we will be relying upon these figures, and you should make this fact known to them. Alternatively, we can arrange for independent quantity surveyors to provide an assessment at an additional fee charge.

If any of the buildings are in the course of construction then our valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. We will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

16 Regulated Purpose Valuations

In accordance with the provisions of UK VS 4.2, where the instruction is a Regulated Purpose Valuation, we are unable to undertake such a valuation of a property acquired by our client within the twelve months preceding the valuation date if, in relation to that property, we received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with us, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

17 Rotation of valuation personnel

The valuation instruction is for a purpose which means it falls within the definition of Regulated Purpose Valuations as referred to in PS 2.8 and VS 4.1. In accordance with PS 2.8 we have included in these Valuation Conditions and Assumptions our policy on the rotation of the valuer who accepts responsibility for these types of valuations and a statement of the quality control procedures that are in place. This included below:-

DTZ Debenham Tie Leung supports the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years, unless there are overriding circumstances to the contrary. DTZ discusses the method of rotation of the signatory to Regulated Purpose Valuation reports with its clients.

DTZ operates internal quality control procedures throughout its valuation practice including a system whereby the valuation of property meeting certain criteria requires the approval of an internal investment valuation committee.

18 Monitoring

The compliance of the valuations undertaken in accordance with RICS Valuation – Professional Standards 2014 UK Edition may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

DTZ Terms and Conditions

Clause 1 - Definitions

In the DTZ Terms and Conditions and the Engagement Letter the following terms shall have the following meanings:-

- 1.1 "Client": the person, firm or company to whom DTZ is to provide Services in accordance with the Terms of Business.
- 1.2 "DTZ": Debenham Tie Leung Ltd, whose registered office is at 125 Old Broad Street, London, EC2N 2BQ; telephone: +44 (0)20 3296 3000 and, where appropriate, any subsidiary and/or associated company of DTZ Debenham Tie Leung Limited and/or any holding company of DTZ Debenham Tie Leung Limited and/or any subsidiary and/or any associated company of such holding company.
- 1.3 "DTZ Terms and Conditions": these DTZ standard terms and conditions of business.
- 1.4 "Engagement": the Client's appointment of DTZ to provide particular Services pursuant to the Terms of Business.
- 1.5 "Engagement Letter": The DTZ letter for a DTZ business line issued to the Client which identifies particular Services to be provided by it and that sets out other terms and conditions that shall form part of the Engagement contract between DTZ and the Client together with the DTZ Terms and Conditions. Where the context admits, documents cross referenced and/or attached to the DTZ letter shall form part of the Engagement Letter.
- 1.6 "Force Majeure Event": an event falling within the definition set out at Clause 14.1.
- 1.7 "Intellectual Property Rights": all patents, copyrights and design rights (whether registered or not and all applications for any of the foregoing), and all rights of information, data, know-how or experience whether patentable or not whensoever and howsoever arising and all renewals and extensions thereof.
- 1.8 "Party": DTZ or the Client as the case may be.
- 1.9 "Services": services falling within the known areas of expertise and specialisation of DTZ as more particularly identified in an Engagement Letter or, where no Engagement Letter has been issued, that are the subject of a Client instruction to DTZ to proceed to act on the Client's behalf.
- 1.10 "Terms of Business": Subject to 24.7, the DTZ Terms and Conditions and any applicable Engagement Letter.

Clause 2 - Scope of Business

- 2.1 Where the Client appoints DTZ to provide Services, the appointment shall be on the basis of the DTZ Terms and Conditions and any applicable Engagement Letters. The purpose of an Engagement Letter shall be to address

business line and project specific issues, including the precise scope of Services, timescales for deliverables and fee levels as well as certain other terms and conditions.

- 2.2 In carrying out the Services, DTZ shall exercise the reasonable care and skill to be expected of a competent provider of services similar in scope, nature and complexity to the Services. No other warranty or representation, express or implied, shall apply under and/or in connection with the Engagement.

Clause 3 - Fees and Expenses

- 3.1 All fees for performance of the Services shall be calculated in accordance with the fee structure set out in the Engagement Letter.
- 3.2 The Client shall reimburse to DTZ all expenses properly incurred by it in the performance of the Services, including without limitation, travel expenses, accommodation, subsistence, telephone, fax, postage, copying, photography, advertising and any other goods and services purchased.
- 3.3 DTZ reserves the right to require payments to be made on account before commencing or completing any Services. In such event, the amount of the on account payment shall be calculated having regard to the programme for performance of the Services and the likely timing and amounts of expenses to be incurred.
- 3.4 Fees stated shall be exclusive of value added tax which, where applicable, shall be charged to the Client at the prevailing rate.

Clause 4 - Payment

- 4.1 Invoices are payable by the client within 14 days of the date of the invoice.
- 4.2 All payments due to be made to DTZ under the Terms of Business shall be made without set-off or counterclaim and free of and without deduction for any taxes, levies or duties of any description. If the Client is required at any time by any applicable law to make any such deduction from any payment, the sum due in respect of such payment shall be increased such as shall result (notwithstanding such deduction in DTZ's receipt on its due date) in a net sum equal to the sum DTZ would have received had no such deduction been required.
- 4.3 DTZ may charge the Client interest (both before and after any judgment) on the balance of any unpaid invoice, at the rate of 3 % per annum over the Bank of

England base rate. Such interest shall run from the due date of settlement of the invoice until the date payment of the balance is received.

Clause 5 - The Client's Obligations

- 5.1 The Client shall pay to DTZ all fees, expenses and value added tax, as required pursuant to Clauses 3 and 4. DTZ may suspend and/or cease further work on behalf of the Client in the event of none, partial or late payment of any DTZ invoice.
- 5.2 The Client shall provide to DTZ all information reasonably required, and at the necessary times, to enable DTZ to carry out the Services pursuant to the Terms of Business.
- 5.3 The Client acknowledges that DTZ is entitled to rely upon the accuracy, sufficiency and consistency of any information supplied to it by the Client. DTZ shall have no liability for any inaccuracies contained in any information provided by the Client or any third party on behalf of the Client.
- 5.4 The Client authorises DTZ to speak to or meet with any other person it may need to contact in order to provide the Services. DTZ may release to such person for the purpose of the Services any information reasonably necessary to perform the Services and which it has obtained during the Engagement. DTZ shall not be liable for any use subsequently made of that information.

Clause 6 - Intellectual Property

- 6.1 DTZ is the beneficial owner of all Intellectual Property Rights arising out of or in connection with the provision of the Services to the Client.
- 6.2 Subject to all payments due under the Engagement having been paid, the Client shall have an irrevocable, royalty free, non-exclusive licence to copy and use all materials created by or on behalf of DTZ (and in relation to which DTZ is the beneficial owner of the Intellectual Property Rights) for any purpose relating to the Engagement.

Clause 7 - Electronic Communications

- 7.1 DTZ shall not be liable for any loss arising from the Client's receipt of any information, data or communications supplied or sent by DTZ electronically. The Client shall use all reasonable procedures to seek to ensure that any materials sent by any electronic medium and/or by computer disc to DTZ are virus free.
- 7.2 DTZ may communicate with the Client by email.

Clause 8 - Documents

- 8.1 The provision of the Services is for the Client's benefit only. No part of any report or advice produced by DTZ for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of

DTZ and DTZ shall not be liable to any third party which relies upon any such report or advice.

- 8.2 After completing an Engagement, DTZ shall be entitled to keep any Client papers and documents held while payments due under the Engagement are outstanding.
- 8.3 DTZ shall keep its Engagement files for 6 years after issue of DTZ's final invoice, on the basis that DTZ shall have the Client's authority to destroy the files upon the expiry of that period unless the Client has beforehand requested in writing the return of Client papers or documents. DTZ shall not be liable for any loss of documentation after the stated retention date.
- 8.4 The Client shall be responsible for DTZ's charges in producing any documentation which the Client requires in order to comply with a third party request for disclosure under the Freedom of Information Act 2000 (FOIA). For the avoidance of doubt, the Client, not DTZ, shall liaise with such third party.

Clause 9 - Confidentiality

- 9.1 DTZ shall seek the Client's prior consent to DTZ announcing without limitation, through advertising, and by references in proposals or submissions to prospective clients, that they are providing or have provided the Services to the Client. Such consent shall not be unreasonably withheld or delayed.
- 9.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement): (a) any information received by it in respect of the methodologies and/or technologies used by DTZ in providing the Services; (b) the details of the commercial terms on which DTZ provides the Services; and (c) any other information in respect of DTZ's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.3 DTZ shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.4 The provisions of Clause 9 shall not apply to either Party to the extent that disclosure is required by law or regulatory authorities, to the respective professional advisers of the Parties, or to a bona fide purchaser of DTZ and the purchaser's professional advisers.

Clause 10 – Professional Indemnity Insurance

- 10.1 DTZ shall effect and maintain, for a period of 6 years from completion of any Engagement, professional indemnity insurance with a limit of indemnity of no less than £10 million provided always that such insurance remains available at commercially reasonable rates.

Clause 11 - Non-Solicitation by Client

- 11.1 The Client shall not offer employment to any employee of DTZ working on an Engagement for the Client or induce or solicit any such employee to take up employment with the Client for a period of 6 months following the end of any involvement by that person with any Engagement for the Client.
- 11.2 In the event that the Client breaches Clause 11.1, DTZ shall be entitled to be paid compensation by the Client equal to 6 months salary of the employee concerned.

Clause 12 - Limitation of Liability

- 12.1 Nothing in the Engagement Letter or DTZ Terms and Conditions will limit or exclude a party's liability for:
- (a) death or personal injury caused by its negligence;
 - (b) fraud or fraudulent misrepresentation; or
 - (c) any other liability which cannot be limited or excluded by applicable law.
- 12.2 Subject to Clause 12.1, DTZ will not have any liability, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, to the Client or any third party for any loss of profit, whether direct or indirect, or for any indirect or consequential loss arising under or in connection with the Engagement.
- 12.3 Subject to Clause 12.1 and clause 12.2 and notwithstanding anything to the contrary contained in the Engagement, DTZ's total liability to the Client and any third party, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, arising under or in connection with the Engagement will be limited to an aggregate of the fees payable by the Client for the Engagement.
- 12.4 Without prejudice to the other sub-clauses of Clause 12, where the Engagement involves DTZ being appointed as part of a Client project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require DTZ to pay having regard to the extent of DTZ's responsibility for the same and on the basis that all other Client consultants and

contractors shall be deemed to have provided contractual undertakings on terms no less onerous than this Clause 12.3 to the Client in respect of the performance of their services in connection with the project and that there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above and on the basis they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.

- 12.5 This Clause 12 will survive termination of the Engagement.

Clause 13 – Money Laundering and Anti-Bribery Procedures

- 13.1 The Client shall provide all necessary cooperation so as to ensure that DTZ is able to meet its obligations under:
- 13.1.1 The Proceeds of Crime Act 2002 and Money Laundering Regulations 2007; and
 - 13.1.2 The Bribery Act 2010,
- and shall itself comply with such obligations.

Clause 14 – Force Majeure

- 14.1 Neither Party shall be deemed to be in default or liable to the other Party for any matter whatsoever for any delays in performance or from failure to perform or to comply with the Terms of Business due to any cause beyond that Party's reasonable control including, without limitation, acts of God, acts of Government or other competent regulatory authority, telecommunications, network operators, war or national emergency, riots, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes and other industrial disputes (in each case, whether or not relating to that Party's workforce).
- 14.2 Each Party agrees to give notice forthwith to the other upon becoming aware of a Force Majeure Event, such notice to contain details of the circumstances giving rise to the Force Majeure Event.

Clause 15 - Termination

- 15.1 Without prejudice to any other rights or remedies a Party may possess:
- 15.1.1 DTZ may terminate the Engagement by notice immediately if the Client has failed to pay an invoice within 30 days of the final date for payment of that invoice.

15.1.2 Either Party may terminate the Engagement by notice immediately if the other Party becomes insolvent.

15.1.3 Either Party may terminate the Engagement by notice immediately if the other Party is in breach of its obligations and where such breach is capable of remedy the other Party fails to remedy such breach within 30 days of receipt of a notice specifying the breach.

15.2 For the purposes of Clause 15.1.2, a Party is insolvent if it enters into an arrangement, compromise or composition in satisfaction of its debts or goes into liquidation (in either case otherwise than for the purpose of amalgamation or reconstruction), or has a winding up or bankruptcy order made against it, or it has appointed to it an administrator or administrative receiver or any step analogous to any of the foregoing occurs.

15.3 Either Party may terminate an Engagement by giving not less than 30 days written notice to the other. In such event DTZ shall be entitled to payment of fees for the Services it has performed, and payment of the expenses it has properly incurred, up to the date of termination. Where the Engagement Letter does not identify how to calculate the fees that shall be payable where termination under this Clause 15.3 occurs, a fair and reasonable pro rata calculation shall apply having regard to the fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination.

15.4 The expiration or the termination of an Engagement, however arising, shall not operate to affect such of the provisions of the Engagement as are expressed to operate or continue in effect after then and shall be without prejudice to any rights or liabilities accrued at the date of such expiration or termination.

Clause 16 – No Waiver, Partnership or Joint Venture

16.1 No waiver by a Party of any breach by another Party in the performance of any of its obligations under this Agreement shall operate or be construed as a waiver of any other or further breach whether of a like or different character or be effective unless in writing duly executed by an authorised representative of the affected Party.

16.2 The failure by a Party to insist on any occasion upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one Party to another, shall not thereby act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right under the Engagement, which shall remain in full force and effect.

16.3 An Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, or to impose

any partnership obligation or liability upon either Party.

Clause 17 – Entire Agreement

17.1 The Terms of Business constitute the entire agreement and understanding of the Parties as to the subject matter of the Terms of Business. They supersede any prior agreement or understandings between the Parties and no variation of the DTZ Terms and Conditions or any Engagement Letter shall be binding unless agreed in writing.

17.2 The Client expressly acknowledges that it has not been induced to enter into the Terms of Business by any warranty or representation or other assurance not expressly incorporated in the Terms of Business.

Clause 18 – Severability

18.1 If any provision of the Terms of Business is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the Terms of Business shall not be impaired.

Clause 19 – Contracts (Rights of Third Parties) Act 1999

19.1 DTZ may perform any of its obligations or exercise any of its rights under the Terms of Business through any subsidiary or associated company of DTZ Debenham Tie Leung Limited or any holding company of DTZ Debenham Tie Leung or any subsidiary or associated company of such holding company but in all other respects no term of the Engagement is intended for the benefit of a third party and the Parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

Clause 20 – Assignment

20.1 An Engagement shall not be assigned or transferred by either Party without the prior consent of the other save that DTZ shall be entitled by writing to the Client to assign all or any of its rights under an Engagement to any company in the same group of companies as DTZ or associated with DTZ.

Clause 21 – Notices

21.1 Any notice or other information to be given by either Party to the other under the Engagement shall be given by:

21.1.1 Delivering the same by hand;

21.1.2 Sending the same by pre-paid registered post; or

21.1.3 Sending the same by email, facsimile transmission or comparable means of communication;

to the other Party at the address given in Clause 21.4.

21.2 Any notice or information sent by post in the manner provided by Clause 21.1.2 which is not returned to the sender as undelivered shall be deemed to have been given on the second day after the envelope containing it was so posted; and proof that the envelope containing any such notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.

21.3 Any notice or information sent by telex, facsimile transmission or comparable means of communication shall be deemed to have been duly given on the date of transmission, provided that a confirming copy is sent to the other Party at the address given in Clause 21.4 within 24 hours after transmission.

21.4 The address of either Party for service for the purposes of Clause 21 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other Party in writing from time to time.

Clause 22 – Miscellaneous

22.1 Each Party warrants that it has power to enter into the Terms of Business and that it has obtained all necessary consents and/or approvals to do so.

22.2 The Engagement shall inure to the benefit of, and be binding upon, the permitted successors and permitted assignees to the Parties.

22.3 Where the Client comprises two or more Parties their liability under the Engagement shall be joint and several.

22.4 No actions or proceedings arising under or in respect of the Engagement shall be commenced against DTZ after 6 years after the date of completion of the Engagement, or such earlier date as may be prescribed by law.

Clause 23 - Dispute Resolution and Governing Law

23.1 In the event that the Client is dissatisfied with the provision of the Services by DTZ under the Terms of Business it must refer such complaint in the first instance to the director in charge of the Engagement in accordance with the provisions of DTZ's complaints procedure current at the time of the complaint. DTZ shall supply to the Client a copy of the complaints procedure upon the request of the Client.

23.2 The parties irrevocably submit to the exclusive jurisdiction of the English Courts, subject to the rights of either party to enforce a judgement obtained in the English Courts in any other jurisdiction.

23.3 The terms of Business shall be governed by and construed in accordance with English Law.

Clause 24 – Interpretation

24.1 Words importing the singular also include the plural and vice versa where the context requires.

24.2 Words importing persons or parties shall include firms, corporations and any other organisation having legal capacity.

24.3 The headings in the Terms of Business are not part of the Terms of Business nor shall they be taken into consideration in its interpretation or construction;

24.4 All references in the Terms of Business to Clause numbers are references to Clause numbers in the DTZ Terms and Conditions and not to those in any other documents forming part of the DTZ Terms and Conditions unless the context otherwise indicates.

24.5 Reference to a statute or statutory provision includes it as from time to time amended, extended or re-enacted.

24.6 These DTZ Terms and Conditions and any applicable Engagement Letter shall be read together as a single document.

24.7 If there is any conflict between the provisions of:

24.7.1 The DTZ Terms and Conditions and any applicable Engagement Letter, the Engagement Letter shall have priority;

24.7.2 An Engagement Letter and any documents cross referenced and/or attached to that Engagement Letter, the Engagement Letter shall have priority.

Clause 25 - Data Protection

25.1 DTZ may use the Client's details in providing the Services under this Engagement and for the ongoing administration of the Services. To the extent that the Data Protection Act applies, DTZ undertakes that:

i) - It shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in

Schedule 1 of the Data Protection Act 1998;

ii) - DTZ shall not disclose or allow access to any personal data provided by the Client or acquired by DTZ during the course of executing its obligations under this Engagement, other than to a person employed or engaged by DTZ and their legal or financial advisers;

iii) - Any disclosure of or access allowed to personal data shall be made in confidence and shall extend only so far as is necessary for the purposes of carrying out the Engagement and shall not be disclosed in breach of any Law.

25.2 It is a condition of this Engagement, that DTZ may search your record at Credit Reference Agencies for the purposes of verifying your identity and to assess whether you are able to fulfil your payment obligations under the Terms of this Engagement.

Appendix B

List of Properties

List of Crematoriums

Property Name	Road Name	Town Name	County	Post Code
Enfield Cemetery & Crematorium	Silver Street	Enfield	Middlesex	EN1 4DS
South London Crematorium	Rowan Road	London	London	SW16 5JF
Bentley Crematorium & Cemetery	Pilgrims Hatch	Brentwood	Essex	CM15 9RX
East London Crematorium & Cemetery	Grange Road	Plaistow	London	E13 0HB
Fenlands Crematorium	Knights End Road	March	Cambridgeshire	PE15 0YJ
Three Counties Crematorium	Halstead Road, High Garrett	Braintree	Essex	CM7 5PB
Surrey & Sussex Crematorium	Balcombe Road	Crawley	W. Sussex	RH10 3NQ
Wear Valley Crematorium	Coundon	Bishop Auckland	Durham	DL14 8NR
Sherwood Forest Crematorium	Newark Road	New Ollerton	Notts	NG22 9PZ
East Lancashire Crematorium	Cemetery Road	Radcliffe	Greater Manchester	M26 0EU
Charnock Richard Crematorium	Preston Road	Chorley, Preston	Lancs	PR7 5JP
Exeter & Devon Crematorium	Topsham Road	Exeter	Devon	EX2 6EU
Glynn Valley Crematorium	Turfdown Road, Fletchers Bridge	Bodmin	Cornwall	PL30 4AN
Weston-Super-Mare Crematorium	Walliscote Road	Weston-super-mare	Avon	BS22 9NY
Mendip Crematorium	Old Wells Road, Croscombe	Wells	Somerset	BA5 3RR
Oxford Crematorium	Bayswater Road	Headington, Oxford	Oxfordshire	OX3 9RZ
Three Counties Crematorium	Towcester Road	Milton Malsor	Northants	NN4 9RN
Chichester Crematorium	Westhampnett Road	Chichester	West Sussex	PO19 4UH
Grantham Crematorium	Harroby Road	Grantham	Lincolnshire	NG31 9DT
Beckenham Crematorium	Elmers End Road	Beckenham	Kent	BR3 4SZ
Basingstoke Crematorium	Stockbridge Road	Northwaltham, Basingstoke	Hants	RG25 2BA
Randalls Park Cemetery	Randalls Road	Leatherhead	Surrey	KT22 0AG
Telford Crematorium	Redhill	Telford	Shropshire	TF2 9NJ
Holmsford Bridge Crematorium	Corsehill Mount	Dreghorn	Irvine	KA11 4EF
Birmingham Crematorium	Walsall Road	Perry Barr	Birmingham	B42 2LP
Loughborough Crematorium	Leicester Road	Loughborough	Leicestershire	LE11 2AF
Wyre Forest Crematorium & Cemetery	Minster Road	Stourport on Severn	Worcestershire	DY13 8AB
Nuneaton Crematorium	Off Eastboro Way	Nuneaton	West Midlands	CV11 6WZ
Lancaster & Morecambe Crem	Powderhouse Lane	Lancaster	Lancashire	LA1 2TT
Haltemprice Crematorium	Main Street	Willerby	Yorkshire	HU10 6NS
East Riding Crematorium	Octon Cross Rd	Langtoft	Yorkshire	YO25 3BL
Dundee Crematorium	MacAlpine Road	Dundee	Scotland	DD3 8FD
Holytown Crematorium	Memorial Way	Holytown	North Lanarkshire	ML1 5RU
Moray Crematorium	Broadley, Enzie	by Buckie	Aberdeenshire	AB56 5HQ
Norwich St Faith Crematorium	Manor Road	Horsham St Faith	Norwich	NR10 3LF
Earlham Crematorium	Earlham Road	Earlham	Norwich	NR2 3RG
Hawkinge Crematorium	Aerodrome Road	Folkestone	Kent	CT18 7AG
The Downs Crematorium	Hartington Road	Brighton	East Sussex	BN2 3PL

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Buchanan & Hogg	5	Civic Square	EH33 1LH
Gordon & Watson	30	Rosebank Place	AB11 6XP
St Machar Funeral Services	133	King Street	AB24 5AE
Strang & McLagan		Main Street	PH2 7HB
William Scott	30	Ladysmill, Grangemouth Road	FK2 9AU
Peter Wilson & Sons	79	Prestwick Road	KA8 8LH
Smiths Funeral Service	75	Stonefield Road	G72 9SA
J Steadman & Sons	3	Balby Road	DN4 0RA
Bramleys Funeral Services	78	Askern Road	DN5 0EW
E V Fox & Sons	44	Barnsley Road	WF9 2RF
W Hyde & Son		Summer Lane	S70 2NW
E & M Newsome		Weetshaw Lane	S72 8PZ
Dearne Funeral Services	45/45a	Furlong Road	S63 8JA
J Lazenby & Sons	1	Duke of York Street	WF1 3PD
C & A Reed	173/175	Duke Street	S2 5QN
C Pritchard & Son	15	High Street Swallownest	S31 0TT
Crowder & Alderson Funeral Service		Whitting Valley Road	S41 9EY
Priestley & Cockett Funeral Service	R/O 66	Boultham Park Road	LN6 7BD
Mason & Martin Funeral Service	129	Park Road	TS26 9HT
Speckmans Funeral Service	25	Front Street	TS28 5DD
W S Harrison & Son		Shields Road	NE6 2UQ
W S Harrison & Son	53	Station Road	NE12 8AQ
W S Harrison	155-159 Salters Road	Gosforth	NE3 4HJ
John Meynell Funeral Services	148/150	North Road	DL1 2EJ
Stanway & Garnett Funeral Serv	114	High Street	TS10 3DD
Kettle of Brigg		Elwes Street	DN20 8LB
Rosedene Funeral Home	15	Doncaster Road	DN15 7RA
Middleton & Wood		Rosebridge Way, Ince	WN1 3DG
Middleton & Wood	17	Heath Street	WA3 3BN
Middleton & Wood		Market Street	WN2 3AE
Banks Funeral Service	12	Sefton Road	WN5 8UP
T & ME Walsh	46/48	Preston Road	WN6 0HS
Sankeys FS	5/7	Hope Street	WN7 1AQ
Scales/Gibsons Funeral Service	134/136	Darwen Street	BB2 2AJ
Hartley Foulds Funeral Service	230	Colne Road	BB10 1DY
Thompsons Funeral Services	274	Bedford Road	L20 9NB
Thompsons Funeral Services	8	Walton Vale	L9 2BU
Thompsons FS	175	Liverpool Road South	L31 8AA
Thompsons FS	304	Liverpool Road	L36 3RN
Thompsons FS	324	West Derby Road	L13 8AJ
Thompsons Funeral Services	31	Marian Square	L30 5QA
Coyne Bros	72/74	Stanley Road	L5 2QA
Coyne Bros	172	Lower House Lane	L11 2SJ
L J Clegg	113/115	Bridge Road	L21 2PB
H Leslie Humphries	67-69	Liverpool Road	L23 5SE
John Duggan & Co	30	Widnes Road	WA8 6AD
Berry & Jagger	238	Warrington Road	L35 2UA
Broadbent & Seddon	33	Liverpool Road	PR8 4AG
Coyne Bros	3A	Old Mill Lane	L37 3PE
T H Fenton	27/28	Rossall Road Thornton	FY5 1DX
James Bradley & Sons	10/12	North Road	M11 4WE
Ashton Brooks		Church Street	WA14 4DB
James Bradley & Sons	75	Oatlands Road	M22 6AM
Alex Taylor		Old Greasby Road	L49 3NF
J C Clarke & Son		Latham Avenue	WA6 0DX
J C Clarke & Son	71a	Main Street	WA6 7DF
J C Clarke & Son	3b	Hoole Road	CH2 3NQ
R J & B Griffiths	60	The Hill	CW11 0JE
R Glyn Jones	149	Wellington Road	LL18 1LE
Alex McDonald	175	High Street	CH5 4DQ
Cliff Tierney	247	Chester Road	CH6 5ED
Roberts & Brain	95/99	Three Shires Oak Road	B67 5BT
Hammer Lee	35	Birmingham Street	B69 4DY
A Hazels & Sons	181/183	High Street	B23 6SY
A Hazel & Sons	43	Birmingham Road	B72 1QF

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
A Hazel & Sons	121	Chester Road	B74 2HE
Hodgson & Sons	657	Kingstanding Road	B44 9RH
A V Band	41	St Nicholas Street	WR1 1UW
Hollands Funeral Services	71	Barnards Green Road	WR14 3LS
F W Collins & Son	50/52	Wellington Road	WV14 6AH
R Morgan	11	Badger Street	DY3 1XZ
Middleton Brothers	187/189	Stafford Street	WS2 8ED
The H Dale Funeral Service	176	Anchor Road	ST3 5EE
S A Evans	23-24	Gaol Street	HR1 2HU
Ann Bonham & Son (W G Ward)	71	St Giles Street	NN1 1JF
John Drage	60	Croyland Road	NN8 2AU
Malcolm Jones & Metcalfe	284	High Street	HP4 1AH
R. Metcalfe	18a	High Street	HP23 5AH
S A Bates & Son	115	West Street	LU6 1SG
Cooks Funeral Service	72	Broad Street	HP5 3DX
E Seymour & Son	26	Marlborough Road	AL1 3XQ
Hemley Funeral Services	26	Park Road	WD2 3EG
Baguley Bros	500	Mansfield Road	NG5 2FB
R H Fayers & Son	42/43	Railway Road	PE30 1NF
W & WG West	13	Alexandra Road/Love Lane	PE13 1HP
Eric W Witton	26	Station Road	PE31 7EX
Gordon Barber	317	Aylsham Road	NR3 2AB
Harveys Funeral Home	1	Norwich Road	NR5 0EA
S & R Childs Funeral Services Inc R L Bromley & Son	1	Courtland Road Rosehill	OX4 4HF
Fisher & Townsend	81	High Street	OX28 6HY
Roy Preddy	2a	Cossham Street	BS17 3EW
Stenner & Hill	2	Pembroke Road	BS11 9SQ
TB & H Pendock		Bristol Road	BS16 1RD
John & William Shering	34-36	Provost Street	SP6 1AY
Pargolla Funeral Service		Marcus Hill	TR7 1RP
P J Harris (incl W Inder & Son)	2-4	Cross Street	TA8 1BN
D J Evans Forse (Whitchurch F H)		Brook Road	CF14 1DU
A J Stone & William Ham	1a	Neville Street	CF11 6LP
Tovey & Morris	140	Caerleon Road	NP9 7GS
W English & Sons	464a	Bethnal Green Road	E2 0EA
W English & Son		George Lane	E18 2LY
Hayes & English	148	Hoxton Street	N1 6SH
C Selby & Son	116b	Bow Road	E3 3AA
C Selby & Son	729	High Road	E11 4QS
A Bennett & Sons	460/462	Hoe Street	E17 9AH
A Bennett & Sons	386	High Road	E10 6QE
A Bennett & Sons	61	Queens Road	IG9 5BU
A E Bragg	88	Mackenzie Road	N7 8RE
John Seaward	163	Stroud Green Road	N4 3PZ
Ashton Funeral Services	140	Alexandra Road	SW19 7JY
Ashton Funeral Services	218	Kennington Park Road	SE11 4DA
Ashton Funeral Services	369	Brixton Road	SW9 7DE
B. C. Baker & Son	15/17	High Street	CR3 5UE
W. Kemp & Son	5/7	Heath Road	CR7 8NF
Ebbutts Funeral Service	Front	High Street	RH8 0DR
Titfords Funeral Service	151	Old Road	CO15 3AU
Titford Funeral Service	6	Elm Tree Avenue	CO13 0BE
Titford Funeral Services	56	Frinton Road	CO15 SUW
Richard Funeral Services	78	Newland Street/High Street	CM8 1AH
R Butler & Sons	5a & 5b	Station Road	BN27 2BE
W Naylor & Son	90/92	Delce Road	ME1 2DH
Sears Funeral Services	2	Thornhill Place	ME14 2SF
Sears Funeral Services	22	Church Road	TN12 6EZ
Sears Funeral Services	21	High Street	TN15 8BT
A H Apps Funeral Services	30/32	Luton Road	ME4 5AA
A H Apps Funeral Services	8/10	Duncan Road	ME7 4LE
Rees Williams Forse & Co	189	City Road	CF2 3JB
Michael Smy Funeral Services	145	Felixstowe Road	IP3 8EB
Gordon Rodwell	79	St. Andrews Road	IP11 7BW
Charles W Tait	48	Roker Avenue	SR6 0HT

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Thomas Downey		Durham Road	SR2 7PF
Breeze & Roberts Funeral Service	6	High Street	LL14 1AL
J & A Porter		Windsor Road/1 Bazley Road	FY8 1ET
A & N Duckworth F S	200	Chester Road	SR4 7HE
Forsters Funeral Services	7	Fern Avenue	SR5 2DR
Bexhill Funeral Service	35	Sackville Road	TN39 3JD
Serenity Funeral Directors	43	South Street	BN21 4UT
J H Kenyon/J Hemp	83/85	Westbourne Grove	W2 4UL
J A Massey & Sons	142	Station Road	HA1 2RH
J H Kenyon	49	Marloes Road	W8 6LA
W S Bond	19	Bond Street	W5 5AP
A Spicer & Sons	63	South Road	UB1 1SQ
Sydney Hurry & Co	115	Burnt Oak Broadway	HA8 5EN
Ronald P Sherry & Son	25	Bell Street	NW1 5BY
W S Bond	127	Chiswick High Road	W4 2ED
Sydney Hurry & Co	339-341	Rayners Lane	HA5 5EN
W S Bond	8	Church Road	W3 8PP
J H Kenyon Ltd	35	Malvern Road	NW6 5PS
W S Bond	366	Uxbridge Road	W12 7LL
J H Kenyon	74	Rochester Row	SW1P 1JU
J H Kenyon	9	Pond Street	NW3 2PN
Barnard & Horlock	283	Fore Street	N9 0PD
D W Johns & Sons	108	Station Road	E4 6AB
William Nodes	2	Broadway Parade	N8 9DE
G R Moss & Co	209	Lower Clapton Road	E5 8EG
Blake & Horlock	27	Silver Street	EN1 3EF
Cooksey & Son	190	Fortis Green Road	N10 3DU
W Nodes	15	Bounds Green Road	N22 4HE
A Seaward & Sons	448	Green Lanes	N13 5XD
J H Kenyon	6	Woodhouse Road	N12 0RG
William Beckett	29	Junction Road	N19 5QT
W Nodes	98	Crown Lane	N14 5EN
W Nodes	37a	High Street	EN5 5UW
Phillips Funeral Service	52a	Shenley Road	WD6 1DS
H Phillips	530	Watford Way	NW7 4RS
Kelly & Co	4	Hendon Lane	N3 1TR
A Seaward & Sons	388	Bowes Road	N11 1AH
Pickard & Beale	11	Brewer Street	ME14 1RU
John Kemp	26	Harbour Street	CT5 1AH
Thomas Fowle & Son	68	Balmoral Road	ME7 4QE
E B Cavell	25	Albert Road	CT14 9RE
FC Wood Funeral Service	21	Tufton Street	TN23 1QN
Hambrook & Johns	1	Dymchurch Road	CT21 5AX
Romney Marsh F S		George Lane	TN28 8BS
Hambrook & Johns	1	Beaconsfield Avenue	CT16 2LS
Geo. Newman & W A Stringer	3	Trafalgar Street	BN1 4EQ
Frederick W Chitty & Co		New Zealand Avenue	KT12 1QD
Clarabut & Plumbe	11	Kingsway	MK42 9BB
H J Dawson	22	George Street	CV31 1ET
W G Rathbone	30	Clarendon Avenue	CV32 4RY
W G Rathbone	6	High Street	CV34 4AP
L Fulcher	80	Whiting Street	IP33 1NX
Brown Fenn & Parker	37	North Street	CO10 1RD
F Clutterham & Son	23	Mustow Street	IP33 1XL
L Fulcher Funeral Service	58	Ipswich Street	IP14 1AD
H Withams & Son	16	High Street	SS6 7EF
W Howard & Son	32	High Road	RM16 3HB
Butler & English	31 & 32	Laindon Centre	SS15 5TQ
A W Alden & Son	665	High Road	SS7 5SF
A W Alden & Son	29-31	High Street	SS8 7RB
Howard & English		South Road	RM15 6BT
Weyman Funeral Services	26	Abbey Walk	CB1 2QJ
Harry Williams & Sons	83	Victoria Road	CB4 3BS
A Shepherd & Sons	48	Beverley Road	HU3 1YE
T S Annison & R Boddy	365	Holderness Road	HU8 8QY

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
David Silvey & Son		Westbourne Street	HP11 2PZ
John Pagan & Sons	94 - 104	Annan Road	DG1 3EQ
H C Patrick & Co	86/87	East Street	GU9 7TP
J Gorringe & Son	55	Hare Lane	GU7 3EF
Ginns & Gutteridge	51/55	Vaughan Way	LE1 4NR
Pitcher & Le Quesne Ltd	59	Kensington Place	JE2 3PA
R Davies & Son	63	Westbury Hill	BS9 3AD
Steven Near Funeral Services	36	Wellowgate	DN32 0RA
Dunnings Funeral Services	2/4	Church Close	SP10 1DP
Moodys	59	Old Milton Road	BH25 6DJ
Moodys	405	Lymington Road	BH23 5EN
Yeatmans	24	Albert Road	BH12 2BZ
Mews	3	Bournemouth Road	BH14 0EF
Earl of Plymouth	23	Wolseley Road	PL2 3AA
Gordon & Watson	42	Upper Kirkgate	AB10 1BA
S F Wilson	433/435	Cleethorpe Road	DN31 3BU
Sears Funeral Services	3	Fountain Lane	ME16 9AT
Laird & McMillan	745	Clarkston Road	G44 3XA
Barclays	3	Meadow Place Road	EH12 7TZ
Kelly of Mill Hill	9	The Parade, Holders Hill Rd	NW7 1LY
Thomas B Treacy	29/31 Rosebury Avenue	Islington	EC1R 4SL
Grosvenor Funerals	110/111	Lewes Road	BN2 3QB
Portland Funeral Service	6	Union Street	KA3 1AW
Ginns & Gutteridge	75	Ashby Road	LE11 3AA
Woodside Funeral Service	283-285	Great Northern Road	AB24 2AE
Henry Paul Ltd	141	South Ealing Road	W5 4QP
Henry Paul Ltd	50	Victoria Road	HA4 0AG
Fisher Funeral Service	52	Baxters Lane Sutton	WA9 3NP
B Wallis & Son (Incorp Mayesbrook F S)		Longridge Road	IG11 8UW
Gordon G Barber	2	St. Williams Way	NR7 0AW
R J & B Griffiths	17	Macclesfield Road	CW4 7NF
Macleans Funeral Home	837	St Albans Road	WD2 6LH
Hanningtons Funeral Services	89	Old Shoreham Road	BN3 7AQ
J Rymer (inc R Hudson & Son)	15/17	Penley's Grove Street	YO3 7PW
W M Tyre & Son	7	Gallowgate Lane	KA30 8BE
W M Tyre & Son	2	Winton Street	KA21 5BN
George Telfer	105	Glaisnock Street	KA18 1JS
Templehill Funeral Service	115	Templehill	KA10 6BQ
J & J Gray	22/24	Perth Road	DD1 4LN
James Smeaton & Son	24/26	Victoria Street	DD4 6EB
Barclays	4	Taylor Gardens	EH6 6TG
John Armstrong	29a	Hopetoun Road	EH30 9RB
George Skea	31	East Princes Street	G84 7DE
J C Clarke & Son		Western Avenue	CH1 5PP
Joseph Potts	1/3	North Road	ML4 1QU
Joseph Potts	15	Hamilton Street	ML8 4HA
Joseph Potts	259	Glasgow Road	G72 0YS
R.S. Johnson & Sons F.D.		Western Approach	NE33 5QU
R. S. Johnson & Sons		St Johns Terrace	NE32 3AB
Frederick W Paine	24	Old London Road	KT2 6QG
Frederick W Paine		Leatherhead Road	KT9 2PH
Frederick W Paine	108	High Street	KT10 9QJ
Frederick W Paine	118e	High Street	TW12 1NT
Frederick W Paine	227	Twickenham Road	TW7 6DH
Frederick W Paine	71	Walton Road	KT8 0DP
Frederick W Paine	26	Crown Lane	SM4 5BL
Frederick W Paine	182	High Street	KT3 4ES
Frederick W Paine	29	Coombe Road	KT2 7AY
Frederick W Paine	6	Coombe Lane	SW20 8ND
Frederick W Paine	265	Ewell Road	KT6 7AA
Frederick W Paine	151	Epsom Road	SM3 9EY
Frederick W Paine	102	High Street	TW11 8JD
Wake & Paine	31	Church Street	TW1 3NR
Frederick W Paine	30	Central Road	KT4 8HZ
R Brain & G Gamble & Son	601	Fulham Road	SW6 5UA

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Longhurst Of Epsom	8-10	Pound Lane	KT19 8RY
Ernest Larner & Son	117	Falcon Road	SW11 2PE
Ernest Larner & Son	246	Upper Richmond Road	SW15 6TG
T H Saunders & Sons	28-30	Kew Road	TW9 2NA
T H Sanders & Sons	1a	Upper Ham Road	TW10 5LD
T H Sanders & Sons	447	Upper Richmond Road West	SW14 7PR
T H Sanders & Sons	35	Barnes High Street	SW13 9LP
T H Sanders & Sons	12-14	Medfield Street	SW15 4JZ
T H Sanders & Sons	132	High Street	TW2 7LL
T H Sanders & Higgs	153	Heath Road	TW1 4BH
H G Brown & Saunders(incl W E Turner)	512	Great West Road	TW5 0TE
Francis Chappell & Sons	1	Lower Addiscombe Road	CR0 6PQ
Francis Chappell & Sons	468	Bromley Road	BR1 4PP
Francis Chappell & Sons	39	Woolwich Road	SE10 0RA
Francis Chappell & Sons	4/6	Lee High Road	SE13 5LQ
Francis Chappell & Sons	402	Lewisham High Street	SE13 6LJ
Francis Chappell & Sons	105a	Church Road	SE19 2PR
Francis Chappell & Sons	41	Sydenham Road	SE26 5EX
Francis Chappell & Sons	235/239	East Street	SE17 2SS
Dowsett & Jenkins	3-7	Sunnyhill Road	SW16 2UG
Dowsett & Jenkins	1507	London Road	SW16 4EA
Francis Chappell & Sons (Inc Kellaways)	102/104	Lordship Lane	SE22 8HF
Maxwell Brothers	536-538	Streatham High Road	SW16 3QF
Francis Chappell & Sons		Sevenoaks Road	BR6 7SE
Francis Chappell & Sons	238	High Street	BR3 1EN
Francis Chappell & Sons	229/231	High Street	BR1 1NZ
Francis Chappell & Sons	72	High Street	SE9 1BT
Francis Chappell & Sons	332	Crofton Road	BR6 8NW
Francis Chappell & Sons	87	The Walnuts	BR6 0TW
Francis Chappell & Sons	48	High Street	DA14 6EH
Francis Chappell & Sons	4	Glebe Way	BR4 0RJ
Francis Chappell & Sons	5	Thomas Street	SE18 6HL
Francis Chappell & Sons	27	London Road	TN13 1AR
Francis Chappell & Sons	217	The Broadway	DA6 7EJ
Leverton Funeral Services	Dartford	Kent	DA1 2AJ
C H Lovegrove	D P House	The Ring	RG12 1AX
Cyril H Lovegrove	29c	High Street	SL5 9NP
Cyril H Lovegrove	58	Briants Avenue	RG4 5BA
Cyril H Lovegrove	21	School Road Tilehurst	RG31 5AR
P L Barrett	81	Ock Street	OX14 5AG
H J Knapp & Sons	4	Church Street	OX12 8BL
G W Burden	37	Church Street	SP4 7EU
Halcrow & Sons	6a	Bridge Street	SP10 1BH
Turner Bros	15/17	Hampton Road	RG14 7UH
F Harrison & Son	40	Harvest Road	TW20 0QT
F Smith & Son	9	Stainash Parade, Kingston Road	TW18 1BB
F G Pymm & Son	65/67	Moorbridge Road	SL6 8LT
G Smith	7	The Green Wooburn Green	HP10 0EE
Mitchell Funeral Services		York Road	EX4 6PD
Coombes & Sons	73	Fore Street	TQ13 9AB
Crews & Son	16	Tower Street	EX8 1NT
William Pearce & Son	5 & 7	Wilder Road	EX34 8BL
J D Andrews & Son	119	Fore Street	TQ7 1AL
R Davies & Son	381	Gloucester Road	BS7 8TN
L J Guyan	12	Charlton Road	BS18 2ND
R Davies & Son	143	Church Road	BS13 8JZ
E Hooper & Son	13	St James Parade	BA1 1UL
G F Hunt Ltd	41	Livingstone Road	BA2 3PH
B H Mears		Midsomer Norton	BA3 2HY
Alfred R W Connock & Son	27	West Shepton	BA4 5UL
Bracher Brothers Inc Eason Funeral Services		Marston Road Newell	DT9 4EZ
Eason Funeral Services	62	South Street	BA20 1QQ
J.E.Gilbert & Son	139	St. John Street	TA6 5JA
T.J. Davies & Sons	54-56	Chepstow Road	NP9 8EB
Robert Howells & Sons	90	Newport Road	NP26 4BR

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
D Ceasar Jones	55	Pantbach Road	CF14 1TW
Maesgwyn Furerl Service		Main Road Church Village	CF38 1RL
E F Edwards	31	Gravelly Hill North	B23 6BT
Dyson Richards	457	Stratford Road	B90 4AA
The Lawrence Funeral Service		Savile Park Road	HX1 2XR
Robertshaw Greenwood		Albert Street	HX7 8AH
Valley Funeral Service		Valley Road	HX7 7BZ
W.Kaye & Son	163	Beeston Road	LS11 6AW
Lewis Scorch & Son	223	Leeds Road	WF3 3NF
Bruce Carter & Son		Havelock Street	NN8 4QA
D.J. Walsh & Son	700	Manchester Road	BD5 7QH
Preston Ireland Bowker	20b	Queen Street	LA1 1RX
Morecambe & Heysham F S	102	Sefton Road	LA3 1UD
A G Stapleford	6	Powerscourt Road	PO2 7JN
W Wraight & Son	1a	South Street	PO10 7EG
Carrells Funeral Service	4c	Town Hall Road	PO9 1AN
E. Finch & Sons	123-125	High Street	GU11 1TT
Cyril H Lovegrove	32	Guildford Road	GU22 7QQ
David Greedy F D	220	Dukes Ride	RG45 6DS
Dillistone Funeral Service	191	South Farm Road	BN14 7TW
Dillistone Funeral Service	3a	Arundel Road	BN17 7BY
Seaford & Newhaven F S		Cradle Hill Road	BN25 3JE
Seaford & Newhaven F S	22	Sutton Road	BN25 1RU
Lewes Funeral Care	48a	Malling Street	BN7 2RH
Bennett Funeral Service	13	Bridge Street	BN9 9PH
Arthur Denyer	18-19	Lewes Road	BN2 3HP
W Cornford & Sons	100	Blatchington Road	BN3 3YF
W. Cornford & Son	8-9	Queens Parade	BN3 8JG
Hinkley F S	50	Mount Pleasant Road	TN34 3LJ
Francis & Chappell & Sons	8	Grand Parade, High Street	RH10 1BU
F Chappell & A G Rice	79	High Street	RH19 3DD
William Collins & Son	43	Station Road	RH15 9DE
J & R Matthews		High Street	RH17 5JX
Maskell & Uden	74-76	Hardres Street	CT11 8QP
Maskell & Uden	92/94	Ramsgate Road	CT9 5RY
Hamilton & Marshall		Medina Way	PO30 5QD
Downer & White	43	Sandown Road	PO36 9JL
Hugh Jones	R/O 34	Market Street	LL22 7AA
Francis Chappell & Sons	196/200	Verdant Lane	SE6 1LJ
J Evans & Son	2a	Caulfield Road	E6 2EJ
Rosebank F S	87/89	Nantwich Road	CW2 6AW
Joseph Swift Funeral Directors	209	Uppingham Road	LE5 4BQ
John Kemp	17	St Dunstons Street	CT2 8AF
Leonard E Smith F.D	1	Haydon Road	TA1 1SY
Dyson Richards	193a	Station Road	B33 8BB
Merrony Funeral Service	12-16	Queen Street	WA12 9AX
S Robinson & Sons	424	Hessle Road	HU3 3SE
James Crook	259	Kilburn High Road	NW6 7JR
James Crook	109	High Road	NW10 2SL
James Crook	53	Bridge Road	HA9 9AG
John Ward	20	High Street	NN11 4HT
R High & Sons Ltd	1	Bayford Road	MW10 3AD
K B Sills		High Street	TN17 3DR
Barclays	49	Main Street	EH4 5BZ
Cooksley & Son	1	Walliscote Road	BS23 1UY
A G Simmonds & Sons	22a	Trinity Street	EX32 8JB
Clive Hopkinson F.S.	17	Watson Road	S80 2BE
Hounslow Funeral Services	154	London Road	TW7 5BG
Henry Paul inc Christopher Wickendon F S	71	Greenford Avenue	W7 1LJ
Grimmett & Timms	118-120	Albany Road	CV5 6NG
John Bardgett & Sons Ltd	571	Westgate Road	NE4 9PQ
R.S. Scott (Funerals) Ltd	1-3	Sycamore Street	NE28 6TH
A. Seaward & Son	455-457	High Road	N17 6QB
Alex Taylor F S	2-6	Whetstone Lane	L41 2QR
John Meynell Funeral Service		Stephenson Way	DL5 7DF

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Alfred English & Sons	72	St. James Street	E17 7PE
Warriner & Sons	32	Church Hill	IG10 1LA
B Wallis & Son	52	Ripple Road	IG11 7PG
B Wallis & Son	221-223	Oxlow Lane	RM10 7YA
Gilderson & Sons	90-92 Ley Street		IG1 4BX
Gilderson & Sons	612	High Road	IG3 8RF
Gilderson & Sons	49	High Street	IG6 2AD
Alan Duckworth	6 / 6a	High Street West	SR1 3EX
Selim Smith	74	Prestbury Road	GL52 2DJ
J W Tate & Son (Holdings) Ltd	74/76	North Road	SS0 7AH
J W Tate & Son (Holdings) Ltd	20	North Street	SS4 1AB
Relph Funeral Service	43 - 43a	Kings Road	TS3 6NH
Jordon & Cook F.S.	1	Elm Road	BN11 1PG
Kirby & Hughes	228	Blackburn Road	BB5 0AQ
O W Ellis	174	Wood Lane	CH5 3JF
O W Ellis	42	Chester Road East	CH5 1QA
R D Davies & Son	117	Brunswick Road	CH7 2EH
T H Lightfoots	111	High Street	CW6 0EA
Fox's	10	Canada Road	NR27 9AH
Unsworths		Cooper Street	BL9 0LJ
Unsworths	37	Market Street	BL8 4AA
Hopkins	33	Station Road	M41 9JG
Langshaw Calverley Funeral Service	103a	King Street	BB6 8SM
W Bailey & Son	55	Lynn Road	PE13 3DE
Downham	34	Bridge Street	PE38 9DH
David Holland & Sons		London Road	NG13 8HW
Howard Jenkins	6	Smithdown Road	L7 4JG
Howard Jenkins	11	Childwall Valley Road	L16 4PB
Howard Jenkins	14	Childwall Parade	L14 6TT
Dorricott & Bent	10/12	London Street	ML9 1AG
Dorricott & Bent	1	Bakers Brae	ML11 0EP
Dorricott & Bent	10	Woodstock Road	ML11 7DH
W.Thorp & Son	62	The Broadway	SS9 1AE
F Lloyd	Adj 19a	Bridge Road	PO31 7DT
D K Shergold	9 - 11	Brown Street	SP1 1HE
Macintosh & Steven	18	Waverley Place	AB10 1XH
MacIntosh & Steven	2	High Street	AB31 5RP
Macintosh & Steven	5	Arbuthnot Place	AB39 2JA
Abbot & English	15	Highbridge Street	EN9 1BZ
Barclays	2071	Paisley Road West	G52 3JH
Teeside Funeral Services	24-26	Station Road	TS23 1AB
Michael Lawrence	93b	King Street	ME14 1BH
A J Angove	16-17	Webber Street	TR11 3AU
O'Brien	110	Maryhill Road	G20 7QS
O'Brien	676-676A	Edinburgh Road	G33 3PU
McKelvie & Co	584	Maryhill Road	G20 7ED
Henllys Funeral Home		Beaufort Hill	NP23 5QN
Victoria Road Funeral Home	69/70	Victoria Road	NP3 6UH
H J Phillips	25/29	Princes Street	NN16 8RW
H J Phillips Funerals		Rockingham Road	NN17 2AB
J. Swift	555	Saffron Lane.	LE2 6UN
F.L. Mildred	129	Leicester Road	LE18 1NS
Joseph Swift Funeral Directors	135	Narborough Road	LE3 OPB
Beestons	13-15	Warren Avenue	SO16 6AS
Lynch & McCarry	154	Cumbernauld Road	G33 6HA
Asian Funeral Services	2	Holyhead Road	B21 0LT
Robert Ayling Funeral Services	107	Aldershot Road	GU2 8BE
G Hogben & Sons	28-30	Hope Street	ME12 1QH
Asian Funeral Directors	198	Ealing Road	HA0 4QG
F E Walton & Son	38	Market Place	PE12 9JF
Selim Smith & Co. (inc David Stockwell)	242	Painswick Road	GL4 4AG
David Stockwell	16	Glendower Street	NP5 3DG
Hill & Son	18-20	St Thomas Street	BA5 2UX
Dillistone & Wraights	49-51	Spitalfield Lane	PO19 4SG
Henry Paul	8	Glebe Avenue	UB10 8PB

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Walter G Wortt	90	Station Road	
H H Chambers & Son	25	Brook Street	YO8 4AL
W Heighton & Son	10	Cosby Road	LE9 5HF
Fredk W Chitty & Co	5	Church Street	KT13 8DE
Strang & McLagan	36	Priory Place	PH2 0DS
Edward Lee & Sons	104	Cumbernauld Road	G69 9AA
Dillistone & Wraights	27	Queensway	PO21 1QN
J W Emberson	81-83	MacAuley Street	DN31 2DS
Zealley Funeral Service	17	Devon Square	TQ12 2HR
Tanners	26	East Street	SS2 6LH
L Fulcher	Dignity House - The Shutters	St Johns Street	IP33 1SP
Frank Davey	153	High Street	BN6 9PU
John Bardgett	80	The Drive	NE10 0PL
Kenneth Dewey & Sons	227	Grove Lane	WA15 7UF
Kenneth Dewey & Sons	2	Grove Lane	WA15 8JE
Ginns & Gutteridge	13	Main Street	LE5 6DN
Sandyford Funeral Home	1101	Argyle Street	G3 8ND
The Beeches Funeral Home	244	Anniesland Road	G13 1XA
The Allander Funeral Home	56	Drymen Road	G61 2RH
Goldenvue Funeral Home	7	Kilbowie Road	G81 6QS
Simplicity Funerals	280	Kinfauns Drive	G15 7AR
Bishopbriggs Funeral Home	9	Kenmure Avenue	G64 2RG
Southborough Funeral Service	126a	London Road	TN4 0PW
Blackburn Funeral Services	7	Buckingham Road	CT10 1QR
Alexander & Dry Funeral Services	1	Seal Road	RG21 7NQ
Stowells Funeral Service		Worting Road	RG21 1TS
F W Jones & Sons	30	Market Place	SN15 3HP
Ebbutts Funeral Service	15	Limpsfield Road	CR2 9LA
Barclays	17	Church Hill Place	EH10 4BE
Greenwoods FS		Cemetery Lane	BB11 5DG
Collumbine Funeral Services	68	Carron Road	FK2 7RR
Phillips Funerals	68/70	Alma Road	AL1 3BL
Phillips Funerals	67/68	The Quadrant	AL4 9RD
Phillips Funerals	9	Victoria Road	AL5 4EB
Walsh Funeral Directors	22	Newtown Road	CA2 7JH
Philip Ford & Sons	14	Cainscross Road	GL5 4ES
Philip Ford & Sons	35e Parsonage Street	Dursley	GL11 4BP
Grimes & Goscombe	5A	The Chipping	GL12 7AD
Hunters Funeral Directors	128b	Burscough Street	L39 2EY
Highfield Funeral Service	144-146	Trinity Street	HD1 4DT
D J Thomas Funeral Directors		Lower Wood Street	CF81 8NW
Michael Smy F D	441	Bramford Road	IP1 5BA
Gornalls Funeral Services	3	West Street	L34 1LE
Gornalls Funeral Services	6-8	Cowley Hill Lane	WA10 2AB
Gornalls Funeral Services	10	Cross Pit Lane	WA11 8AH
Woodfield Park Funeral Home		Woodfield Side	NP12 0DE
Derek Moss Funeral Directors		Mill Pit, Shiney Row	DH4 4JT
Derek Moss Funeral Directors	104A	Newbottle Street	DH4 4AJ
Derek Moss Funeral Directors	25	Front Street	DH5 9PF
Charles Embleton Funeral Directors		Blue House Lane	NE37 2TA
Derek Moss Funeral Directors	1 & 1A	Castlereagh Street	SR3 1HJ
Wolstenholme Funeral Service		Willows Lane	BB5 0RT
Ken Newcombes Funeral Home	13	Bucklers Lane Holmbush	PL25 3JN
William Adlam Funeral Service	68a	Locks Hill	BA11 1NH
Barker & Courtiers Funeral Directors	52	Bond Street	BA14 0AS
Paul Bysouth & Son	9	Croft Road	TN6 1DL
G Gibbs Funeral Directors	44	All Saints Way	B71 1PZ
Powell Funeral Service	2	Watton Road	SG12 0AA
Powell Funeral Service	79	Burford Street	EN11 8HX
Powell Funeral Service	83	Railway Street	SG14 1RP
R C Payne & Son	485	Bitterne Road East	SO18 5EQ
R C Payne & Son	374	Shirley Road	SO15 3HY
R C Payne & Son	161	Woodmill Lane, Bitterne Park	SO18 2PG
Beestons	35	Bridge Road, Woolston	SO19 7GP
W G Bush	163	Hursley Road	SO53 1JH

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
F C Hughes	46	St Johns Road, Hedge End	SO30 4AG
W G Bush	73	Leigh Road	SO50 9DF
Ravenhill Funerals	334-338	Ravenhill Road	BT6 8GL
Shankill Funerals	395-401	Shankill Road	BT13 3AF
Wiltons	324-326	Woodstock Road	BT6 9DP
Wiltons	298	Shore Road	BT37 9RW
Russells of Bangor	4a & 4b	Holborn Avenue	BT20 5EH
McConnells	14	Scotch Quarter	BT38 7DP
P B Wright & Sons	131	West Blackhall Street	PA15 1YD
F E J Green & Sons	195-197	Timberlog Lane	SS14 1PJ
T Conchar & Son	4	Woodland Road West	LL29 7DH
Gordon Barber	1a	Church Lane	NR4 6NZ
Abbey Funeral Service	10	Benfleet Road	SS7 1QB
T S Horlock & Son	10/12	The Hill, Northfleet	DA11 9EU
T S Horlock & Son	11	Station Road	DA3 7QD
Bournes of Dartford	118	The Brent	DA2 6DE
K D Henderson Funeral Directors		Carlisle Road	DG12 6QR
E T Birtwistle Funeral Services	29	Queen Street	BB6 7SA
Talbot Funeral Service	341	Whalley New Road	BB1 9SR
Powell Funeral Service	52	High Street	SG1 3EF
Tilbury & Essex Funeral Services	4	Calcutta Road	RM18 7QU
Hardacres Funeral Directors	15	Jason Street	L5 5DY
Hardacres Funeral Directors	444	Cherry Lane	L4 8TT
Abbey Funeral Service	23 Drury Road		CO2 7UY
W J Winn Funeral Director		Trenwith Terrace	TR26 1QE
W J Winn Funeral Director	69	Fore Street	TR27 4DX
Daisy Funeral Directors	Asian Funeral Directors	158 Melton Road	LE4 5EE
Hornchurch & Essex Funeral Service	188 Hornchurch Road		RM11 1QL
T H Sanders & Sons	76 Church Road		TW15 2TW
John Bardgett & Sons	32 Merton Road	Ponteland	NE20 9PS
Romford & Essex Funeral Service		175 Oldchurch Road	RM7 0BD
Bracher Brothers Funeral Directors	Bracher Bros Ltd	Newbury	SP8 4QL
W S Harrison & Son		17 Claremont Crescent	NE26 3HL
Ginns & Gutteridge	16 Market Place	Long Eaton	NG10 1LT
Strang & Mclagan	62 High Street		PH7 3BS
Dundee Funeral Service	51 Macalpine Road	Dundee	DD3 8RE
Barclays Funeral Service		10 Commercial Road	TD9 7AQ
John Kane Funerals Directors	90 Church Street	Dumbarton	G82 1QA
Ystrad Mynach Funeral Service	13 Bedwlwyn Road	Ystrad Mynach	CF82 7AA
Daisy Funeral Directors	5 The Bank	Countesthorpe	LE8 5RL
Whitchurch Funeral Services	10 Gilda Parade	Whitchurch	BS14 9HY
Heighton & Son Funeral Directors	25 Blaby Road		LE18 4PY
Dyson Richards	1261-1263 Pershore Road	Stirchley	B30 2YT
Abbey Funeral Services	21-23 North Road		CO15 4DA
Hemel Funeral Service	29 Stoneycroft		HP1 2QF
F G Pymm & Son	Shop 2	179 Farnham Road	SL1 4XP
Batley Funeral Services	Batley	West Yorkshire	WF17 5JY
Droitwich Spa Funeral Service	23 St Andrews Square	Droitwich	WR9 8DY
Waltham Funeral Service	10 Fairway, Waltham	Grimsby	DN37 0LU
George S Munn Funeral Directors	Fishescoates	9 Fishescoates Avenue, Rutherglen	G73 5AX
J & A Porter	63 Highfield Road		FY4 2JE
E F Edwards	23 Lower Gungate	Tamworth	B79 7AT
Simplicity Funerals Newcastle	3 Church Walk Shopping Centre	Walker	NE6 3DW
H Dale Funeral Services	44 Market Street	Kidsgrove	ST7 4AB
R High & Sons	79 Preston Street	Faversham	ME13 8NU
W Kaye Of Moortown	397 Harrogate Road	Chapel Allerton	LS17 6DJ
Stanmore Funeral Service	857 Honeypot Lane	Stanmore	HA7 1AR
Barclays Funeral Service	1 Polton Street		EH19 3HB
Hambrook & Johns	16 Cheriton High Street		CT19 4ER
Ken Gregory & Sons	21 Station Road	Bolsover	S44 6BE
F G Pymm & Son	43 St. Leonards Road		SL4 3BP
Abbey Funeral Service	Unit 5	St Olaves Precinct	IP32 6SP
Gordon Barber	Station Business Park	Horning Road West	NR12 8QJ
L Fulcher Funeral Service	13 Earls Street		IP24 2AB
W. Heighton & Son	2 Chapel Street	Oadby	LE2 5AD

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Handsworth & District Funeral Directors	286 Handsworth Road	Handsworth	S13 9BX
Abbey Funeral Service	8 Limehurst Square	Duston	NN5 6LP
Longhurst Of Epsom	15 North Street	Leatherhead	KT22 7AZ
Simplicity Funeral Directors	84 High Street	Lincoln	LN5 7QW
Chepstow Funeral Service	Unit 3 Eurohouse	Bulwark Road	NP16 5QZ
A G Stapleford & Sons	10 West Street	Portchester	PO16 9UZ
Forth Valley Funeral Directors	18 Muirhall Road	Larbert	FK5 4AP
Ashton Funeral Service	7 Station Parade	Balham High Road	SW12 9AZ
Magdalene Funeral Service Operated By L E Smith	10 Magdalene Lane	Taunton	TA1 1SE
A E Thurlow & Sons	1 High Street	Ixworth	IP31 2HH
Abbey Funeral Service	30 Forehill		CB7 4AF
Rushden & District Funeral Service	146 Wellingborough Road	Rushden	NN10 9ST
Burton On Trent & District Funeral Service	185 Horninglow Street		DE14 1NG
Hamilton & Marshall Of Ryde	145 High Street	Ryde	PO33 2RE
Frederick W Paine	50/51 The Market	Wrythe Lane	SM1 3HE
Hambrook & Johns	37-39 Blackbull Road	Folkestone	CT19 5QP
Longhurst Funeral Directors	160 High Street	Banstead	SM7 2NZ
Francis Chappell & Son	55-57 Rusper Road	Horsham	RH12 4BJ
P B Wright & Sons	13-21 Church Street	Port Glasgow	PA14 5EH
Gordon Barber Inc, Rivett & Powell	13 Carlton Road	Lowestoft	NR33 0RU
Gordon Barber Funeral Service	43 Norwich Road	East Dereham	NR20 2AS
Kayes Of Halton Funeral Directors	Unit 9	Halton Shopping Centre	LS15 7JR
S & R Childs Funeral Service	Pharmacy House	69 London Road	OX3 9AA
S & R Childs Funeral Services	10 The Parade	Oxford Road	OX5 1EE
S & R Childs Funeral Services	142-144 Oxford Road	Cowley	OX4 2DZ
S & R Childs Funeral Services	4 Elms Parade	Botley	OX2 9LG
Ebbutt Funeral Service	915 Brighton Road	Purley	CR8 2BP
Halesowen & District Funeral Service	12 Hagley Road	Halesowen	B63 4RQ
Not Known	104 Fratton Road	Portsmouth	PO1 5BZ
Francis Chappell & Sons	72a High Street	Chislehurst	BR7 5AQ
Ely Funeral Service	4 Tower Road	Ely	CB7 4HW
Kirkwoods Funeral Directors	Kirkwoods (Funeral Directors) Ltd	150a Kings Road	BT5 7EJ
Kirkwoods Funeral Directors	39/41 Church Street	Corporation South	BT23 4AN
Ken Gregory & Sons Ltd	16 Dalestorth Road	Sutton-in-Ashfield	NG17 3AA
Ken Gregory & Sons Ltd	27 Portland Street	Kirby in Ashfield	NG17 7AB
Ken Gregory & Sons Ltd	365 Nottingham Road	Mansfield	NG18 4SG
William Mair Funeral Directors	4 Newlands Lane		AB56 1PB
John Tremble Funeral Directors	37 Church Street	Caldewgate	CA2 5TL
M & D MacLeod	1D Market Place	Dunvegan Road	IV51 9HH
M & D MacLeod	26	Station Road	IV40 8AE
D Gunn Funeral Director	Blackwells Street	Dingwall	IV15 9NW
H. Towell Funeral Service	97 Swan Street	Sileby	LE12 7NN
H. Towell Funeral Service	5 Danvers Road	Mountsorrel	LE12 7JG
Hooley, Watson & Buckley	7-9 James Street	Macclesfield	SK11 8BP
William Peacock & Sons	Castle Hill Lodge	13 Castle Moat Road	PE29 3PG
Swearers	The Paddock	44a Blenheim Road	PE26 1AN
Henry Ingram & Sons	12 Albert Street	Ventnor	PO38 1EZ
Malcolm J Presland	19 High Street	Upton upon Severn	WR8 0HJ
Malcolm J Presland	1 High Street	Tewkesbury	GL20 5AH
Arthur B Baxter Funeral Services	Unit 3	St Johns House	BD16 4LD
Thomas Brothers Funeral Directors	Highland Place	66 High Street	TA21 8RG
Thomas Brothers Funeral Directors	95 Galmington Road	Taunton	TA1 5NP
Armitage Funeral Service	3a Field Road	Thorne	DN8 4AG
Charles Beaumont & Sons	5-7 Brampton Road	Wath upon Dearne	S63 6AN
J Millwood & Son	Doncaster Road	Mexborough	S64 0JD
Fields Funeral Service	Nethergate	Westwoodside	DN9 2DL
G M Charlesworth & Son	54 Barnsley Road	Wombwell	S73 8DJ
E Hurton & Son	73 Grove Street	Retford	DN22 6LA
Keith Button	43 West Street	Winterton	DN15 9QG
Charles Wood Funeral Service	Bramston Street	Brighouse	HD6 3AA
Simpsons Funeral Service	South Lane	Elland	HX5 0HQ
A J Smith Funeral Service	1 Main Street	Greasbrough	S61 4PX
S & W Riding Funerals	36 Hoyland Road	Hoyland Common	S74 0PB
Porters Funeral Services	Station Road	Clowne	S43 4RW
J J Needham & Son	2 Thanet Street	Clay Cross	S45 9JR

List of Funeral Location Properties

Branch Name / Tenant	Street	Town	Post Code
Chas Widdowson & Son	33 Hazelhurst Lane	Stonegravels	S41 7LX
Wetton Funeral Services Ltd	15 Ringwood Road	Brimington	S43 1DF
T F Morritt	70 Redhill Drive	Castleford	WF10 3HD
J E Illingworth & Son	20 Smawthorne Lane	Castleford	WF10 0EN
J D Burke	77 Queen Street	Normanton	WF6 1AF
Granville Brooks Funeral Services	36 Green Lane	Featherstone	WF7 6JE
B Bernard & Sons Ltd	1-3 Prospect Road	Scarborough	YO12 7JP
H C Mowthorpe	13 Bridlington Street	Hunmanby	YO14 0JR
A Haxby & Sons Ltd	7 Belle Vue Street	Filey	YO14 9HU
E Brigham	51 St John Street	Bridlington	YO16 5NN
F Kneeshaws & Sons Ltd	25 West Street	Bridlington	YO15 3DX
Frank Stephenson & Son	29 Minster Moorgate	Beverley	HU17 8HP
S C Bainbridge	3 Princess Road	Malton	YO17 7BN
R H Barnes	Albert Cottage	Outgang Road	YO18 7EL
R H Barnes	Roxby Road	Thornton Dale	YO18 7SX
Henry Naylor (Funeral Directors) Ltd	1 New Road	Driffield	YO25 7DL
Brian Mills	2 Church Road	Stamford Bridge	YO41 1AA
G & M Agar	New Road	Kirkbymoorside	YO62 6DZ
E & M Agar	Sheepfoot Hill	Norton	YO17 7DS
George Hall & Son	9-11 Buccleuch Street	Barrow-in-Furness	LA14 1SS
H & G Wilde	154b Station Road	Bamber Bridge	PR5 6TP
H J Whalley & Sons	94 Ripon Street	Preston	PR1 7UJ
Kenyon Funeral Directors	180-182 Eaves Lane	Chorley	PR6 0AY
S Wellens & Sons	121 Loug Street	Middleton	M24 6DL
S Wellens & Sons	347 Hollinwood Avenue	New Moston	M40 0JX
J Dyson	313 Washbrook	Chadderton	OL9 8JL
Davis McMullan	84-86 High Street	Runcorn	WA7 1JH
Paines & Sanders Funeral Service	141 Vicarage Road	Sunbury on Thames	TW16 7QB
F W Collins & Son Funeral Directors	505 Stafford Road	Wolverhampton	WV10 6QE
Relph Funeral Service	Unit 22	The Marton Shopping Centre	TS7 8DX
John Kemps Funeral Service Inc Herne & District	8a & 8b Sea Street	Herne Bay	CT6 8SP
Torre Valley Funeral Service	1-3 Old Mill Road	Torquay	TQ2 6AU
Arthur Baxter	2a Beechroyd Terrace	Bingley	BD16 1EJ
Ken Newcombe Funeral Directors	The Old Chapel Funeral Home	Station Road	PL24 2NF
Skipton Funeral Directors	The Lodge	Waltonwrays	BD23 3BT
Paterson & Hughes Funeral Directors	45 Main Street	Cumbernauld	G67 2RT
Paterson & Hughes Funeral Directors	16 Main Street	Kilsyth	G65 0AQ
V & M Thomson Funeral Directors	St Cuthberts Church Hall	Bridge Street	DG11 2HE
Chapman Medd & Sons	1 Market Place	Easingwold	YO61 3AB
J.W. Simpson	96 Albany Road	Camberwell	SE5 0AA
George Webb Funeral Directors	17-19 Michael Street	West Bromwich	B70 7AB
Ernest Cocks & Sons	47 Seymour Road	Gloucester	GL1 5PS
L Hartness	11-13 Victoria Road	Bicester	OX26 6QD
J H Kenyon	279 Kensington High Street		W8 6NA
Thomas Marin	62-64 St Marys Street		EH1 1SX
James Scott	314 Portobello High		EH15 2DA
James Scott	7 Bridge Street	Musselburgh	EH21 6AA

APPENDIX 2
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF THE
BORROWER FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2013

Dignity (2002) Limited

Annual report and financial statements
for the period ended 27 December 2013

Registered number: 04349697

Dignity (2002) Limited

Annual report and financial statements for the period ended 27 December 2013

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Dignity (2002) Limited

Directors and advisors for the period ended 27 December 2013

Directors

M K McCollum
S L Whittern
A R Davies
R H Portman

Registered office

4 King Edwards Court
King Edwards Square
Sutton Coldfield
West Midlands
B73 6AP

Registered number

04349697

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Principal bankers

Royal Bank of Scotland plc
West Midlands Corporate Office
2 St Philips Place
Birmingham
B3 2RB

Dignity (2002) Limited

Strategic report for the period ended 27 December 2013

As the Company is part of the Dignity plc group, the Directors report is considered to include all relevant information and cross references required for the Strategic Report. Specifically, please refer to the business review and future developments section within the Directors' report below.

Directors' report for the period ended 27 December 2013

The Directors present their annual report and the audited consolidated financial statements of Dignity (2002) Limited ('the Company') and its subsidiaries ('the Group') for the 52 week period ended 27 December 2013. The Company is a subsidiary of Dignity plc and a member of the Dignity plc group ('the Dignity group'). The comparative period is for the 52 week period ended 28 December 2012.

Branches outside the UK

The Group operates one location in the Channel Islands.

Business review and future developments

The Directors of Dignity plc manage the Dignity group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Dignity (2002) Limited. The development, performance and position of Dignity plc, which includes the Company, is discussed within the Strategic report of the Dignity group's annual report which does not form part of this report.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Dignity group and are not managed separately. Accordingly, the principal risks and uncertainties of Dignity group, which include those of the Company, are discussed within the Directors' report of the Dignity group's annual report which does not form part of this report.

On 30 July 2013, the entire issued share capital of Dignity Funerals No.2 Limited was acquired by Dignity Funerals Limited, a subsidiary of Dignity plc for consideration of £1. On the date of acquisition, the trade assets and liabilities were sold at market value to Dignity Funerals Limited, generating goodwill of £3,856,000.

Dividends

The Company declared and paid a dividend of £60,057,000, £0.55 per share (2012: £nil).

Going concern

The Directors receive and review regularly management accounts, cash balances, forecasts and the annual budget together with covenant reporting. After careful consideration, and mindful of the current market conditions, the Directors confirm they are satisfied that the Company and the Group have adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

M K McCollum
S L Whittern
A R Davies
R H Portman

Dignity (2002) Limited

Directors' report for the period ended 27 December 2013 (continued)

Directors' indemnities

During the period, the Group maintained liability insurance for its Directors and Officers. The Directors of this company have the benefit of this indemnity provision in the Group's Articles of Association. The indemnity provision, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006, was in force throughout the period and is currently in force.

Employees

During the period, the Group has maintained its obligations to develop and improve arrangements aimed at involving employees in its affairs. Methods of communication used include an in-house newsletter, an employee website, bulletins and management briefings. Employment policies are designed to provide equal opportunities irrespective of age, sexuality, colour, ethnic or national origin, religion, nationality, sex or marital status. Full consideration is given to the employment, training and career development of disabled persons subject only to their aptitudes and abilities. The Group endeavours to treat disabled persons equally with others, and will also endeavour to help and accommodate persons who become disabled whilst working for the Group.

Financial risk

The financial risk management objectives and policies of the group are described in note 18 of the financial statements.

Post balance sheet events

See note 32 for further information.

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 prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dignity (2002) Limited

Directors' report for the period ended 27 December 2013 (continued)

Statement of disclosure of information to auditors

As at the date this report was signed, so far as each director is aware, there is no relevant audit information of which the company's auditor are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information.

The Strategic report and Directors' report have been approved by the Board.

By order of the board



S L Whittern
Director

1 May 2014

Independent auditors' report to the members of Dignity (2002) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 27 December 2013 and of the group's profit and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Dignity (2002) Limited, comprise:

- the consolidated profit and loss account and statement of total recognised gains and losses for the period ended 27 December 2013;
- the consolidated and company balance sheet as at 27 December 2013;
- the consolidated cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements (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.

Independent auditors' report to the members of Dignity (2002) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

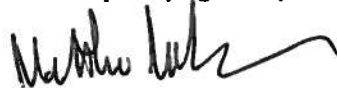
Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

2 May 2014

Dignity (2002) Limited

Consolidated profit and loss account for the period ended 27 December 2013

		52 week period ended 27 December 2013	52 week period ended 28 December 2012
	Note	£'000	£'000
Turnover	2	247,144	225,205
Cost of sales		(100,946)	(93,338)
Gross profit		146,198	131,867
Administrative expenses		(85,591)	(74,925)
Other operating income		49	1,510
Operating profit	2	60,656	58,452
Interest receivable and similar income	5	3,236	2,217
Interest payable and similar charges	5	(27,350)	(25,251)
Net interest payable and similar charges	2,5	(24,114)	(23,034)
Profit on ordinary activities before taxation	2,4	36,542	35,418
Tax on profit on ordinary activities	6	(9,335)	(8,584)
Profit for the financial period	20	27,207	26,834

The results have been derived wholly from continuing activities.

Note of historical cost profit and loss

There is no difference between the profit disclosed in the profit and loss account and the profit for the financial periods stated above and their historical cost equivalents.

Dignity (2002) Limited

Consolidated statement of total recognised gains and losses for the period ended 27 December 2013

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	£'000	£'000
Profit for the financial period	27,207	26,834
Actuarial loss on pension scheme (note 22)	(2,096)	(964)
Movement on deferred tax relating to pensions actuarial losses	487	231
Movement on deferred tax relating to rate change 23% to 20% (2012: 25% to 23%)	(97)	14
Total recognised gains relating to the period	25,501	26,115

Dignity (2002) Limited
Consolidated balance sheet
as at 27 December 2013

		27 December 2013	28 December 2012
	Note	£'000	£'000
Fixed assets			
Intangible assets	8	150,028	107,770
Tangible assets	9	166,626	138,327
		316,654	246,097
Current assets			
Stocks	11	6,608	6,390
Debtors (including £6,368,000 (2012: £5,696,000) amounts falling due after more than one year)	12	29,931	26,815
Cash at bank and in hand - excluding collateralisation of Liquidity Facility	13	60,822	35,325
Cash at bank and in hand - collateralisation of Liquidity Facility	13	63,012	-
Cash at bank and in hand	13	123,834	35,325
		160,373	68,530
Creditors: amounts falling due within one year - excluding collateralisation of Liquidity Facility	14	(233,131)	(179,982)
Creditors: amounts falling due within one year - collateralisation of Liquidity Facility	14	(63,000)	-
Creditors: amounts falling due within one year	14	(296,131)	(179,982)
Net current liabilities		(135,758)	(111,452)
Total assets less current liabilities		180,896	134,645
Creditors: amounts falling due after more than one year	15	(384,500)	(306,781)
Provisions for liabilities	17	(10,173)	(9,413)
Net liabilities excluding pension (liability) / asset		(213,777)	(181,549)
Pension (liability) / asset	22	(809)	54
Net liabilities including pension (liability) / asset	2	(214,586)	(181,495)
Capital and reserves			
Called up share capital	19	11	11
Other reserves	20	5,980	6,221
Profit and loss reserve	20	(220,577)	(187,727)
Total shareholders' deficit	21	(214,586)	(181,495)

The financial statements on pages 7 to 59 were approved by the board of directors on 1 May 2014 and were signed on its behalf by:



S L Whittern
Director
Dignity (2002) Limited

Registered number: 04349697

Dignity (2002) Limited

Company balance sheet as at 27 December 2013

		27 December 2013	28 December 2012
	Note	£'000	£'000
Fixed assets			
Investments	10	526,203	526,203
Current assets			
Debtors	12	33,105	17
Cash at bank and in hand	13	37,034	18,076
Total current assets		70,139	18,093
Creditors: amounts falling due within one year	14	(73,951)	(138,970)
Net current liabilities		(3,812)	(120,877)
Total assets less current liabilities		522,391	405,326
Creditors: amounts falling due after more than one year	15	(383,268)	(305,485)
Provisions for liabilities	17	(4,487)	(4,862)
Net assets		134,636	94,979
Capital and reserves			
Called up share capital	19	11	11
Profit and loss reserve	20	134,625	94,968
Total shareholders' funds	21	134,636	94,979

The financial statements on pages 7 to 59 were approved by the board of directors on
and were signed on its behalf by:

1 May 2014



S L Whittern
Director

Dignity (2002) Limited

Consolidated cash flow statement for the period ended 27 December 2013

		27 December 2013	28 December 2012
	Note	£'000	£'000
Net cash inflow from operating activities	25	85,826	80,618
Returns on investments and servicing of finance	26	(29,643)	(23,834)
Taxation		(9,314)	(8,409)
Capital expenditure and financial investments	26	(15,203)	(19,038)
Acquisitions and disposals	26	(1,550)	(4,774)
Equity dividends paid to shareholders	7	(60,057)	-
Cash (outflow) / inflow before use of liquid resources and financing		(29,941)	24,563
Financing	26	52,783	(12,718)
Increase in cash in the period	27	22,842	11,845

Dignity (2002) Limited

Reconciliation of cash flow statement to movement in net debt

	Note	27 December 2013 £'000	28 December 2012 £'000
Increase in cash for the period	27	22,842	11,845
Net cash (inflow) / outflow from net (increase) / decrease in debt	26	(52,783)	12,718
Change in net debt resulting from cash flows		(29,941)	24,563
Other non-cash changes	27	(70,180)	(3,911)
Movement in net debt in the period		(100,121)	20,652
Net debt at the start of the period		(418,615)	(439,267)
Net debt at the end of the period	27	(518,736)	(418,615)

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013

1 Principal accounting policies

Basis of preparation and consolidation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the year and from year to year, is set out below.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries ('the Group'). In accordance with the concession granted under section 408 of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in the financial statements.

Acquisition or disposal of subsidiary undertakings

Results of subsidiary undertakings acquired during the period are included in Group profit from the effective date of control using the acquisition method of accounting. The separable net assets, both tangible and intangible, of newly acquired subsidiary undertakings are incorporated into the financial statements on the basis of the fair value to the Group as at the effective date of control.

Going concern

The Directors receive and review regularly management accounts, cash balances, forecasts and the annual budget together with covenant compliance. After careful consideration, and mindful of the current market conditions, the Directors have formed a judgement at the time of approving the financial statements that both the Company and the Group have adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Turnover

Turnover from funeral operations comprises the amount recoverable from customers for the provision of funerals, income from crematoria and other services, to the extent that those services have been performed or the goods supplied.

Income from memorial sales is recognised at the point of sale, to the extent that the goods have been supplied. Costs of maintaining memorials are recognised as incurred.

The accounting policies for recognising turnover for pre-arranged funeral plans, cremation certificates, and for commissions for insurance plans sold are stated below.

All amounts are exclusive of VAT.

The Group pays certain disbursements such as crematoria fees, burial plots, ministers' fees and doctors' fees on behalf of its clients. These amounts are recovered as part of the invoicing process. However, these amounts are not included within net revenues as they generally do not provide a margin for the Group.

Pre-arranged funeral plans

Trust plans

The Group markets and sells pre-arranged funeral plans, monies received from selling funeral plans being held and controlled by independent pre-arranged funeral plan trusts ('the Trusts'). The responsibility for the ultimate performance of funerals is allocated to funeral directors, who are selected by the beneficiary of the plan and some of whom are not owned by the Group.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

1 Principal accounting policies (continued)

Trust plans (continued)

The Group receives monies from the Trusts in respect of the following transactions:

- A marketing and administration fee in respect of each plan sold. The marketing element is only refundable in the event that the plan is subsequently cancelled. A provision is made for cancellations based on historical experiences, where material, to cover the estimated marketing element refundable to the Trusts. Marketing and administration fees are included in Group revenue when the related plan is sold less the provision for refunds arising on cancellations; and

- Further contributions are also received from the Trusts in return for the provision of general ongoing administrative services supplied to the Trusts. These contributions are included in Group revenue for the period to which they relate.

All costs in respect of the marketing and administration of the pre-arranged funeral plans are expensed in the Group income statement as incurred.

From time to time, the Group receives monies from certain of the Trusts, in line with the relevant Trust's deed, which have been assessed by the trustees as not required to ensure the Trust has sufficient assets to meet its future liabilities in respect of current members ('Recoveries'). All Recoveries are recognised as other operating income in the period in which the trustees approve their payment.

The Group makes payments on behalf of the Trusts relating to the ongoing overheads of the Trusts, refunds to members of the Trusts in event of cancellation, and the payments made to third party funeral directors when the funeral is ultimately performed. All such payments are reimbursed in full by the Trusts on demand, in accordance with the terms of the relevant Trust's deed.

Neither the sales value of plans nor the costs of providing funerals are recognised in the financial statements of the Group when a pre-arranged funeral plan is sold.

Each Dignity marketing company contractually guarantees with the customer of a pre-arranged funeral plan that (i) if the customer chooses to cancel their selected funeral plan, a full refund will be made to the customer of all monies paid in respect thereof (less in certain cases an administration fee payable to the relevant Dignity marketing company); (ii) the funeral director's services (as selected by the customer) will be provided regardless of price rises in the future; and (iii) for certain plans sold, specific disbursements will be provided regardless of price rises in the future.

Insurance plans

The Group is the named beneficiary on a number of life assurance products sold by third party insurance companies, in consideration for which the Group has committed to performing the funeral (including some disbursements) of the plan holder at no further charge.

A commission is paid when the policy is charged to the Group. As this commission is fully refundable if the Group does not perform the funeral for any reason, it is carried as a debtor and expensed when the funeral is performed.

In the event of death of the policyholder, the Group makes an agreed payment to the nominated funeral director and a debtor is recognised. At this time a commission fee is recognised as turnover. All monies are reclaimed in full from the life insurance company.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

1 Principal accounting policies (continued)

Repairs and renewals

All repairs and renewals are charged to the profit and loss account, unless they represent an enhancement to the original asset.

Cost of acquisitions and goodwill

Goodwill, which represents the excess of the fair value of the consideration for businesses acquired over the fair values of the net assets acquired, is capitalised and stated at historical cost less provisions for amortisation and impairment.

Amortisation of goodwill is provided from the date of acquisition so as to write-off the asset, on a straight-line basis over the term of their useful lives. The directors have assessed the useful economic life of the Group's goodwill as being 20 years.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The business and subsidiaries acquired are generally combined with existing operations in the year of acquisition, or the year thereafter and are therefore only considered to be separate cash-generating units during this time.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provisions for impairments. Cost includes, where appropriate, directly attributable costs incurred in bringing each asset to its present location and condition.

Depreciation of tangible fixed assets is provided from the date of acquisition so as to write-off assets on a straight-line basis over the term of their useful lives. The bases and annual depreciation rates in use for the various classes of assets are as follows:

Freehold and long leasehold premises	2% - 10% on cost of buildings element
Short leasehold premises	Over term of lease
Motor vehicles	11% - 20% on cost
Computers	20% on cost
Other plant and equipment	5% - 33% on cost
Fixtures and fittings	15% on cost

Land is not depreciated on the basis that land has an indefinite life. Where the historical cost of land and buildings cannot be split, the directors have estimated that the historical cost attributable to land is one third of the original cost of acquiring the land and buildings. This estimate is regularly reviewed.

The Group's cremators, which are included within 'other plant and equipment', are recognised as having two components, with different depreciation rates being used for each component, as permitted by FRS 15. This is because elements of this equipment require regular major capital maintenance expenditure in order to continue in use. This component is depreciated at 33% per annum on a straight line basis compared to 5% per annum for the other.

Assets in the course of construction are included within plant and equipment. When these assets are subsequently brought into use they are recorded as reclassifications within the relevant asset category. No depreciation is charged on these assets until they are brought into use.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

1 Principal accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at historical cost, less any provision for impairment.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate that the carrying value may not be recoverable or at the end of the first full financial year following the recognition of goodwill. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account within operating profit. A reversal of an impairment loss is recognised in the profit and loss account to the extent that the original loss was recognised.

Stock

Stock, which comprises funeral supplies and monumental masonry, is stated at the lower of cost and net realisable value. Cost includes all directly attributable costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred in completion and sale, after allowance for obsolete and slow moving items. Cost is determined on a first-in, first-out basis and represents materials and where appropriate, direct labour and applicable overhead.

Pension costs

The cost of defined contribution retirement schemes is charged as an expense as the costs become payable. Any difference between the payments and the charge is recognised as a short term asset or liability.

For defined benefit retirement schemes, the cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

The current service cost and any past service cost are presented within operating profit. The expected return on plan assets less the interest arising on the pension liabilities is presented within net finance costs. Actuarial gains and losses are recognised in full in the period in which they occur and presented in the consolidated statement of recognised gains and losses.

The expected return on plan assets reflects the estimate made by management of the long term yields that will arise from the specific assets held within the pension plan. The rate of return is determined by identifying an appropriate rate of return for each class of asset held in conjunction with the Dignity group's professional adviser. The retirement benefit net asset recognised in the balance sheet represents the fair value of any relevant scheme assets net of the present value of the defined benefit obligation. The discount rate applied in arriving at the present value represents yields on high quality corporate bonds in a similar economic environment with lives similar to the maturity of the pension liabilities.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

1 Principal accounting policies (continued)

Taxation

The tax charge for the period includes the charge for tax currently payable and deferred tax. The current tax charge represents the estimated amount due that arises from the operations of the Group in the period and after making adjustments to estimates in respect of prior years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that they are regarded as more likely than not to be recoverable.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis

Provisions

Provisions are recognised when the Company or the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

Provisions (other than deferred tax) are discounted where the present value of the provision is materially different to the undiscounted value. The unwinding of discounts is included within net interest payable and similar charges.

Hire purchase contracts, finance leases and operating leases

Assets acquired under hire purchase agreements and finance leases are capitalised at cost and depreciated over the shorter of the term of the lease and the useful life underlying the depreciation rates set out above. The capital element of future rentals is included under creditors. Interest is charged to the profit and loss account over the period of the lease.

Rental costs of operating leases are charged to the profit and loss account in the period to which they relate

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the closing rate and the exchange differences are included in the profit and loss account. Profit and loss account transactions in foreign currencies are translated into Sterling at the exchange rate on the date the transaction took place

Financial instruments

Debt finance

All borrowings are stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on secured notes, bank loans and borrowings from other Dignity companies are charged to the profit and loss account, as finance costs, on a constant-yield basis over the term of the borrowings, or over a shorter period where it is more likely than not that the lender will require earlier repayment using the effective interest method.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

1 Principal accounting policies (continued)

Interest rate swaps

The Group currently uses several types of financial instruments as part of an overall interest rate risk management strategy. It does not enter into financial instruments for trading purposes. Interest rate risk associated with net debt is managed by using a combination of fixed and floating rate borrowings and financial derivatives such as interest rate swaps. The cash flows from, and losses arising on terminations of, these contracts are recognised as returns on investments and servicing of finance. The Group's interest rate swaps are accounted for as onerous contracts. See note 17 (d) for further information.

Early termination costs

Premiums and discounts arising on the early repayment of borrowings are written-off to the profit and loss account as incurred.

Dividends policy

Dividends payable are only recognised when they are appropriately approved

Share based payments

The Group issues equity settled share-based payments to certain employees. A fair value for the equity settled share awards is measured at the date of grant. Management measures the fair value using the valuation technique that they consider to be the most appropriate to value each class of award, which include Black-Scholes calculations and Monte Carlo simulations. The valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. When the options are exercised the ultimate parent company issues new shares.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

2 Turnover, segmental and geographical information

	52 week period ended 27 December 2013 £'000	52 week period ended 28 December 2012 £'000
Turnover		
Funeral services – existing	163,113	153,479
Funeral services – acquisitions	4,481	-
Funeral services	167,594	153,479
Crematoria – existing	52,026	46,652
Crematoria – acquisition	775	-
Crematoria	52,801	46,652
Pre-arranged funeral plans	26,749	25,074
	247,144	225,205
Net liabilities		
Funeral services	215,697	151,589
Crematoria	80,983	76,500
Pre-arranged funeral plans	8,054	7,296
Central overheads	(104)	187
Net operating assets	304,630	235,572
Debt, tax and other non-operating liabilities	(519,216)	(417,067)
	(214,586)	(181,495)

Funeral services relate to the provision of funerals and ancillary items, such as memorials and floral tributes.

Crematoria services relate to cremation services and the sale of memorials and burial plots at the Group's crematoria and cemeteries.

Pre-arranged funeral plans represent the sale of funerals in advance to customers wishing to make their own funeral arrangements, and the marketing and administration costs associated with making such sales.

Substantially all Group turnover is derived from, and substantially all of the Group's net liabilities are located in, the United Kingdom and Channel Islands. Overseas transactions are not material.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

2 Turnover, segmental and geographical information (continued)

Profit before taxation

	Profit before recoveries	Recoveries (note 4)	Total
	£'000	£'000	£'000
Period ended 27 December 2013			
Funeral services – existing	49,258	-	49,258
Funeral services – acquisitions	1,435	-	1,435
Funeral services	50,693	-	50,693
Crematoria – existing	22,371	-	22,371
Crematoria – acquisition	463	-	463
Crematoria	22,834	-	22,834
Pre-arranged funeral plans	6,014	-	6,014
Central overheads	(18,885)	-	(18,885)
Operating profit	60,656	-	60,656
Net interest payable and similar charges			(24,114)
Profit on ordinary activities before tax			36,542
Period ended 28 December 2012			
Funeral services	46,413	-	46,413
Crematoria	19,708	-	19,708
Pre-arranged funeral plans	4,571	1,500	6,071
Central overheads	(13,740)	-	(13,740)
Operating profit	56,952	1,500	58,452
Net interest payable and similar charges			(23,034)
Profit on ordinary activities before tax			35,418

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

3 Staff costs

(a) Consolidated staff costs

(i) Employees

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	£'000	£'000
Wages and salaries	67,693	62,414
Social security costs	4,908	4,522
Other pension costs	1,873	1,851
Share option charges (note 23)	1,465	1,199
	75,939	69,986

The monthly average number of people (including directors) employed by the Group during the period was as follows:

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	Number	Number
Management and administration	143	130
Funeral services staff	2,038	1,988
Crematoria staff	307	297
Pre-arranged funeral plan staff	69	63
	2,557	2,478

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

3 Staff costs (continued)

(a) Consolidated staff costs (continued)

(ii) Directors' emoluments

The directors' emoluments for the period were as follows:

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	£'000	£'000
Aggregate emoluments	2,545	2,405
LTIPs	972	823
Highest paid director		
- Aggregate emoluments	1,022	987
- LTIPs	392	339

During the period, 4 directors (2012: None) exercised share options and 4 (2012: 4) directors were awarded options on Ordinary Shares in the ultimate parent undertaking in respect of qualifying services.

Retirement benefits are accruing to 2 directors under the Group's defined benefit schemes (2012: 2 directors). The accumulated total accrued pension at 27 December 2013 is £104,822 (2012: £102,566) for the highest paid director. Retirement benefits are accruing to no directors (2012: no directors) under defined contribution schemes.

(b) Company staff costs

(i) Employees

There were no staff costs in the period (2012: £nil).

The monthly average number of people, including directors, employed by the Company during the period was:

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	Number	Number
Administration and managerial	4	4

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

3 Staff costs (continued)

(b) Company staff costs (continued)

(ii) Directors' remuneration

The directors are directors of the ultimate parent company, Dignity plc, and details of their emoluments are included in the financial statements of that company. They received no emoluments in respect of their services to the Company (2012: £nil).

4 Profit on ordinary activities before taxation

	52 week period ended 27 December 2013 £'000	52 week period ended 28 December 2012 £'000
The profit on ordinary activities before taxation is stated after charging :		
Staff costs (note 3)	75,939	69,986
Depreciation of tangible fixed assets – owned assets (note 9)	11,543	10,034
Amortisation of goodwill (note 8)	10,558	9,272
Loss / (profit) on sale of fixed assets	49	(106)
Exceptional items:		
- Recoveries (note 1)	-	(1,500)
Services provided by the Company's auditor and its associates:		
Fees payable to the auditor for the audit of the company and other group companies financial statements	204	226
Fees payable to the Company's auditor and its associates for other services:		
Other advisory services	43	36
Tax advisory services	220	196
Operating lease rentals:		
- Property	9,590	9,035
- Plant and machinery	33	29

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

5 Net interest payable and similar charges

		52 week period ended 27 December 2013	52 week period ended 28 December 2012
	Note	£'000	£'000
Interest payable and similar charges on:			
Class A and B Secured Notes - existing	15	22,422	22,956
Class A and B Secured Notes - issued 2013	15	2,291	-
Other loans		559	289
Unwinding of discount		393	429
Amortisation of issue costs - existing		1,520	1,577
Amortisation of issue costs - issued 2013		165	-
Interest payable and similar charges		27,350	25,251
Interest receivable and similar income on:			
Bank interest and other interest		(274)	(138)
Release of premium on secured notes - existing		(1,842)	(1,895)
Release of premium on secured notes - issued 2013		(929)	-
FRS17 net finance income	22	(191)	(184)
Interest receivable and similar income		(3,236)	(2,217)
Net interest payable and similar charges		24,114	23,034

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

	52 week period ended 27 December 2013	52 week period ended 28 December 2012
	£'000	£'000
The taxation charge for the period comprises:		
Current tax	9,227	8,840
Adjustments in respect of previous periods	(50)	(644)
Total corporation tax	9,177	8,196
Deferred tax: origination and reversal of timing differences	183	(425)
Deferred tax: adjustment in respect of previous periods	148	139
Deferred tax: adjustment for rate change 23% to 20% (2012: 25% to 23%)	(173)	(42)
Deferred tax : losses utilised	-	716
Total deferred tax	158	388
Tax on profit on ordinary activities	9,335	8,584

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

6 Tax charge on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the period

The current tax charge for the period is higher (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	52 week period ended 27 December 2013 £'000	52 week period ended 28 December 2012 £'000
Profit on ordinary activities before tax	36,542	35,418
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	8,496	8,677
<i>Effects of:</i>		
Adjustment in respect of overseas tax rates	(123)	(159)
Timing differences	1,386	631
Expenses not deductible for tax purposes	1,993	2,392
UK to UK transfer pricing	(2,525)	(1,985)
Previously unrecognised losses utilised	-	(716)
Adjustment in respect of previous periods	(50)	(644)
Current tax charge for the period (note 6 (a))	9,177	8,196

Expenses not deductible for tax purposes relate mainly to intangible fixed assets.

The adjustment for overseas taxation arises in respect of Pitcher & Le Quesne Limited, a subsidiary registered in Jersey.

(c) Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013.

In addition to the change above, legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and then to 20% from 1 April 2015 were substantively enacted at the balance sheet date.

The deferred tax liability at 27 December 2013 has been calculated based on a rate of 20% substantively enacted at the balance sheet date.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

7 Dividends

	27 December 2013 £'000	28 December 2012 £'000
Ordinary shares: £0.55 per share (2012: £nil per share)	60,057	-

8 Intangible assets

Group	Goodwill £'000
Cost	
At beginning of the period	188,255
Additions (note 28)	3,006
Transfer in from Dignity Funerals No.2 Limited	49,810
At end of the period	241,071
Accumulated amortisation	
At beginning of the period	80,485
Charge for the period	10,558
At end of the period	91,043
Net book amount	
At 27 December 2013	150,028
At 28 December 2012	107,770

The Company had no intangible fixed assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

9 Tangible assets

	Freehold land and buildings	Leasehold land and buildings	Plant, machinery, fixtures & fittings	Motor vehicles	Work in Progress	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At beginning of the period	80,987	32,827	37,733	49,022	6,740	207,309
On acquisition of funeral businesses (note 28)	95	-	-	58	-	153
Additions	2,661	1,245	4,240	7,065	2,091	17,302
Disposals	(20)	(26)	(188)	(2,871)	(4)	(3,109)
Transfer in from Dignity Funerals No.2 Limited	18,540	1,945	90	2,911	167	23,653
Reclassification	599	1,171	3,247	-	(5,017)	-
At end of period	102,862	37,162	45,122	56,185	3,977	245,308
Accumulated depreciation						
At beginning of the period	15,193	10,459	20,280	23,050	-	68,982
Charge for the period	2,556	1,494	3,535	3,958	-	11,543
Disposals	(10)	(26)	(126)	(2,295)	-	(2,457)
Transfer in from Dignity Funerals No.2 Limited	112	36	5	461	-	614
At end of the period	17,851	11,963	23,694	25,174	-	78,682
Net book amount						
At 27 December 2013	85,011	25,199	21,428	31,011	3,977	166,626
At 28 December 2012	65,794	22,368	17,453	25,972	6,740	138,327

The above disclosure now includes a work in progress column and the prior year values have been re-classified to reflect this.

The Company had no tangible fixed assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

9 Tangible assets (continued)

Leasehold property is further analysed as follows:

	Long leasehold property	Short leasehold property	Total
Group	£'000	£'000	£'000
Cost			
At beginning of the period	18,063	14,764	32,827
Additions	279	966	1,245
Disposals	-	(26)	(26)
Transfer in from Dignity Funerals No.2 Limited	1,413	532	1,945
Reclassification	66	1,105	1,171
At end of the period	19,821	17,341	37,162
Accumulated depreciation			
At beginning of the period	2,859	7,600	10,459
Charge for the period	314	1,180	1,494
Disposals	-	(26)	(26)
Transfer in from Dignity Funerals No.2 Limited	9	27	36
At end of the period	3,182	8,781	11,963
Net book amount			
At 27 December 2013	16,639	8,560	25,199
At 28 December 2012	15,204	7,164	22,368

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

9 Tangible assets (continued)

	Group	
Capital commitments	2013	2012
	£'000	£'000
Capital expenditure authorised by the Board and contracted for	2,732	5,419

The Company had no capital commitments.

10 Investments

Company	£'000
Cost	
At beginning and end of the period	540,503
Provisions	
At beginning and end of the period	14,300
Net book amount	
At beginning and end of the period	526,203

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

10 Investments (continued)

The trading entities included within the financial information are:

	Activity	Issued share capital at 27 December 2013	Percentage held
Dignity Services	Intermediate holding company	203,746,505 ordinary at 1p each	100%
Dignity Funerals Limited	Funeral services	577,376,905 ordinary at 0.1p each	100%
Pitcher & Le Quesne Limited	Funeral directors	100 ordinary at £1 each	99%
Dignity Pre-Arrangement Limited	Pre-arranged funeral plans	5,001,001 ordinary at £1 each	100%
Dignity Securities Limited	Pre-arranged funeral plans	19,801 ordinary at £1 each 750,000 8 pence Redeemable Preference Shares at £1 each	100% 100%
Advance Planning Limited	Pre-arranged funeral plans	7,500 "A" ordinary at £1 each 2,500 "B" ordinary at £1 each 3,863,291 0.0000001 pence Redeemable Preference Share at 1 pence each	100% 100% 100%
Dignity Finance PLC	Finance company	50,000 ordinary at £1 each	100%
Birkbeck Securities Limited	Intermediate holding company	1,102,271 ordinary at £1 each	100%
Dignity Finance Holdings Limited	Intermediate holding company	50,000 ordinary at £1 each	100%
Dignity Funerals No. 2 Limited	Funeral services	1 ordinary at £1 each	100%

All of the subsidiaries are incorporated in the United Kingdom except for Pitcher & Le Quesne Limited, which is incorporated in Jersey and effectively 100% controlled.

All of the above shareholdings are held indirectly, with the exception of Dignity Services.

Dignity Mezzco Limited holds one ordinary £1 share in Dignity Finance PLC.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

11 Stocks

	Group 2013 £'000	Group 2012 £'000
Raw materials	220	218
Finished goods	6,388	6,172
	6,608	6,390

12 Debtors

	Company		Group	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts falling due within one year:				
Trade debtors	-	-	15,035	14,337
Amounts owed by group undertakings	33,065	-	-	-
Expenses to be recovered from Trusts	-	-	3,065	2,989
Other debtors	35	11	782	406
Prepayments	5	6	4,681	3,387
	33,105	17	23,563	21,119

Amounts owed by group undertakings are unsecured and non-interest bearing.

Amounts falling due after more than one year:

Expenses to be recovered from Trusts	-	-	3,663	3,145
Deferred expenses	-	-	2,705	2,551
	-	-	6,368	5,696
	33,105	17	29,931	26,815

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

13 Cash at bank and in hand

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Cash at bank and in hand	37,034	18,076	123,834	35,325
Represented by:				
Operating cash	37,034	16,576	40,539	17,697
Recoveries (note a)	-	1,500	-	1,500
Amounts set aside for debt service payments (note b)	-	-	20,283	16,128
Collateralisation of Liquidity Facility (note c)	-	-	63,012	-
	37,034	18,076	123,834	35,325

The cash at bank and in hand held by the Group and Company includes:

- Recoveries may not be used for one year following receipt and hence does not meet the definition of cash in FRS 1 (revised 1996), 'Cash Flow Statements'.
- This amount was transferred to restricted bank accounts which could only be used for the payment of the interest and principal on the Secured Notes, the repayment of liabilities due on the Group's interest rate swaps and commitment fees due on its undrawn borrowing facilities and for no other purpose.

This amount does not meet the definition of cash and cash equivalents in FRS 1, Statement of Cash Flows. Whilst not applicable in 2012, this amount was used to pay these respective parties on 31 December 2013. Of this amount £14,600,000 is shown within 'Returns on investment and servicing of finance' as 'Payments to restricted bank accounts for finance costs' and £5,683,000 is shown within 'Financing' as 'Payments to restricted bank accounts for repayment of borrowings'.

- This amount represents the cash collateralisation of the Liquidity Facility, which does not meet the definition of cash and cash equivalents in FRS 1. See note 18 for further information.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

14 Creditors: amounts falling due within one year

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Class A Secured Notes - existing (note 15 (a))	-	-	12,757	11,662
Class A Secured Notes - issued 2013 (note 15 (a))	-	-	3,116	-
Premium on Secured Notes - existing (note 15 (a))	-	-	1,785	1,842
Premium on Secured Notes – issued 2013 (note 15 (a))	-	-	2,167	-
Trade creditors	-	-	9,127	9,494
Corporation tax	-	-	5,758	4,223
Social security and other taxes	-	-	1,361	1,303
Collateralised Liquidity Facility	-	-	63,000	-
Interest accruals	-	13	14,249	11,566
Interest bearing intercompany borrowings – IBLA (note 15 (b))	14,141	9,275	-	-
Amounts owed to group undertakings	59,794	129,682	156,182	117,323
Accruals and deferred income	16	-	26,629	22,569
	73,951	138,970	296,131	179,982

Amounts owed to group undertakings are unsecured and non-interest bearing.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

15 Creditors: amounts falling due after more than one year

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Class A and B Secured Notes - existing (note 15 (a))	-	-	279,080	287,276
Class A and B Secured Notes - issued 2013 (note 15 (a))	-	-	68,605	-
Premium on Secured Notes - existing (note 15 (a))	-	-	16,424	18,209
Premium on Secured Notes - issued 2013 (note 15(a))	-	-	19,159	-
Other creditors	-	-	125	112
Interest bearing intercompany borrowings – IBLA (note 15 (b))	383,268	305,485	-	-
Other deferred income	-	-	1,107	1,184
	383,268	305,485	384,500	306,781

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

15 Creditors: amounts falling due after more than one year (continued)

a) Class A and B Secured Notes

On 11 April 2003, Dignity Finance PLC issued £110,000,000 Class A secured notes (the 'A notes') and £100,000,000 Class B secured notes (the 'B notes').

On 21 February 2006, Dignity Finance PLC issued £45,550,000 Class A secured notes (the 'Further A notes') and £32,500,000 Class B secured notes (the 'Further B notes').

On 27 September 2010, Dignity Finance PLC issued £48,650,000 Class A secured notes (the 'Second Further A notes') and £33,100,000 Class B secured notes (the 'Second Further B notes').

The A notes, the Further A notes and the Second Further A notes are collectively referred to as the Existing Secured A Notes. The B notes, the Further B notes and the Second Further B notes are collectively referred to as the Existing Secured B Notes.

The Existing Secured A notes carry interest at 6.31%, payable half yearly in arrears. The A notes are repayable in instalments ending in December 2023. The issue costs of the Existing Secured A notes totalled £14,136,000. The Existing Secured B notes carry interest at 8.151%, payable half yearly in arrears. The B notes are repayable in instalments ending in December 2030. The issue costs of the Existing Secured B notes totalled £12,718,000.

The Existing Secured A notes and Existing Secured B notes were issued at a premium of £9,310,000 and £18,836,000 respectively, which is being released in proportion to the interest cost in the notes.

At 27 December 2013, £139,235,000 (2012: £147,856,000) of the principal of the Existing Secured A notes and £165,600,000 (2012: £165,600,000) of the principal of the Existing Secured B notes was outstanding.

At 27 December 2013, £5,288,000 (2012: £6,254,000) and £7,710,000 (2012: £8,264,000) of the issue costs in respect of the Existing Secured A notes and the Existing Secured B notes respectively remained unamortised.

At 27 December 2013, £4,818,000 (2012: £5,698,000) and £13,391,000 (2012: £14,353,000) of the premium in respect of the Existing Secured A notes and the Existing Secured B notes respectively remained unamortised.

On 30 July 2013, Dignity Finance PLC issued £50,250,000 Class A secured notes (the 'Third Further A notes') and £40,750,000 Class B secured notes (the 'Third Further B notes').

The Third Further A notes carry interest at 6.31%, payable half yearly in arrears. The Third Further A notes are repayable in instalments ending in December 2023. The issue costs of the Third Further A notes totalled £1,579,000. The Third Further B notes carry interest at 8.151%, payable half yearly in arrears. The Third Further B notes are repayable in instalments ending in December 2030. The issue costs of the Third Further B notes totalled £1,878,000. The Third Further A notes were issued at a premium of £6,894,000 and the Third Further B notes were issued at a premium of £15,361,000.

At 27 December 2013, £34,263,000 of the principal of the Third Further A notes and £40,750,000 of the principal of the Third Further B notes was outstanding.

At 27 December 2013, £1,469,000 and £1,823,000 of the issue costs in respect of the Third Further A notes and the Third Further B notes respectively remained unamortised.

At 27 December 2013, £6,412,000 and £14,914,000 of the premium in respect of the Third Further A notes and the Third Further B notes respectively remained unamortised.

The A notes, the Further A notes, the Second Further A notes and the Third Further A notes are collectively referred to as the Secured A notes. The B notes, the Further B notes, the Second Further B notes and the Third Further B notes are collectively referred to as the Secured B notes. The Secured A notes and the Secured B notes are collectively referred to as the Secured Notes or the Class A and B Secured Notes.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

15 Creditors: amounts falling due after more than one year (continued)

a) Class A and B Secured Notes (continued)

The aggregate principal outstanding on the Secured Notes and related issue costs have been presented on a net basis in the tables above. The Secured Notes are secured by first ranking security in respect of the undertakings and assets of Dignity (2002) Limited and its subsidiaries.

b) Issuer / Borrower loan agreement ("IBLA")

On 11 April 2003, the Company entered into the IBLA with Dignity Finance PLC.

The loan mirrors the terms of class A and B secured notes as set out in (a) above except that interest accrues at a rate of 0.01% higher than the A notes and the B notes.

16 Obligations under operating leases

Annual charges under non-cancellable operating leases to which the Group is committed at the period end:

	Land and buildings	Other	2013 Total	Land and buildings	Other	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
On leases expiring:						
Within one year	707	33	740	522	29	551
Between one and two years	862	-	862	1,268	-	1,268
Between two and five years	3,687	-	3,687	3,132	-	3,132
After five years	3,786	-	3,786	3,646	-	3,646
	9,042	33	9,075	8,568	29	8,597

The Group did not have any obligations or commitments under finance leases or hire purchase agreements at 27 December 2013 or 28 December 2012.

The Company has no commitments under any leases.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

17 Provisions for liabilities

Group	Dilapidation	Onerous contracts	Cancellation provision	Swaps	Deferred tax	Total
	(a)	(b)	(c)	(d)	(e)	
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of the period	2,993	154	1,192	4,862	212	9,413
Charged/(released) to profit and loss account	471	(25)	39	-	289	774
Transfer from Dignity Funerals No.2 Limited	160	-	-	-	157	317
Utilised in the period	(78)	(68)	-	(687)	-	(833)
Unwinding of discount	71	8	-	312	-	391
Adjustment due to rate change 23% to 20%	-	-	-	-	111	111
At end of the period	3,617	69	1,231	4,487	769	10,173

a) Dilapidations

The provision for dilapidations covers the cost of repairs to leased premises occupied by the Group against which a dilapidations notification had been received, and properties where a dilapidation obligation exists but for which no notification has been received.

It is anticipated that the element of provision relating to dilapidation notices served £409,000 (2012: £339,000) will be incurred in the following financial year, and the element relating to dilapidation obligations where no notice has been served will be utilised over the terms of the relevant properly leases, the majority of which is expected to be by 31 December 2022.

b) Onerous contracts

The Group has provided for the discounted future costs of certain contracts to which the Group is legally bound. These contracts relate to vacant leasehold properties and other contracts from which no economic benefit is derived. The provision will be utilised over the term of the contracts and it is anticipated that it will be fully utilised by 2018.

Included within the provision is an amount of £46,000 (2012: £54,000) relating to the expected costs of ongoing rent reviews, the outcomes of which have been based on recent experience of similar reviews on other properties.

c) Cancellation provision

As described in note 1, the Group receives monies from certain pre-arranged funeral plan trusts in respect of the marketing of pre-arranged funeral plans, which are refundable to the Trust in the event of cancellation. All amounts are charged or credited to turnover.

The provision covers the expected cost of such cancellations anticipated to occur in future years relating to plans sold before the balance sheet date. It is expected that this provision will be substantially utilised over the next five years.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

17 Provisions for liabilities (continued)

d) Swap provision

On 20 December 2002, the Company entered into contracts to swap the floating rate interest on a bank loan into fixed rate. Contractually, these swaps were not effective until 30 April 2004.

On 11 April 2003, as described above, the Group issued secured notes at a fixed rate of interest. These notes replaced the bank loan. Consequently, the swaps were no longer required as the Group had no interest rate risk on the secured notes. As a result the Group entered into further contracts on 11 April 2003 to swap fixed rate interest into floating in order to offset the original swaps and eliminate any interest rate risk in this regard. As a result of interest rate movements between these two dates, the combined effect of all the contracts was a net cost to the Group. Accordingly, as the overall transaction represents an onerous contract, the discounted value of the contracts have been fully provided for. Further, as these contracts related to the raising of the secured notes, the contract has been accounted for as an issue cost of the secured notes and is being amortised in accordance with FRS 4.

It is anticipated that the provision will be fully utilised by December 2028.

e) Deferred tax

The major components of the deferred taxation and the amount recognised is as follows:

	27 December 2013	28 December 2012
	£'000	£'000
Capital allowances	637	852
Other timing differences	721	(31)
Goodwill	(176)	(117)
Option schemes	(413)	(492)
Liability at end of the period	769	212

Elements of these deferred tax balances may be recoverable within one year. However, the directors consider that it is not possible to quantify the amount because of a significant level of uncertainty in the timing of events and have therefore classified the whole balance as due after more than one year.

Company

The Company's provisions relate solely to the swaps as set out in note (d) above.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments

Treasury policy

The Group finances its operations by a mixture of shareholders' funds, secured notes, bank borrowings, intercompany loans and loan notes as required. The Group manages its funding requirements by the careful selection of appropriate financing methods. This approach seeks to minimise financing costs.

The Group uses derivatives to generate the appropriate balance between fixed and floating interest rates. It is not the Group policy to actively trade in derivatives.

Interest rate risk

The Group's aim is to minimise the effects of interest rate fluctuations, however the Group does not have a definitive stance on the balance between fixed and floating rate debt. As set out below, 16.4% (2012: 3%) of the interest bearing financial instruments carried interest at a floating rate at the balance sheet date.

See note 17(d) for further details of the interest rate swaps entered into by the Group.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the following disclosures.

Liquidity risk

The Group's objective is to maintain a balance between certainty of funding and a flexible, cost-effective borrowings structure, and consequently seeks facilities that have, for the most part, a maturity of five years or longer.

Currency risk

The Group's financial instruments are all denominated in Sterling and thus no currency risk exists.

Credit risk

The Group uses well-established financial institutions with high credit ratings.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments (continued)

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities was as follows:

	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities on which no interest is paid
	£'000	£'000	£'000	£'000
Financial liabilities at 27 December 2013	645,929	71,128	363,558	211,243
Financial liabilities at 28 December 2012	457,158	8,034	298,938	150,186

All of the Group's financial liabilities are denominated in Sterling.

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above table either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as taxation and social security, trade creditors and accruals.

Interest rate composition of financial liabilities

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period until maturity
Sterling	%	Years	Years
Financial liabilities at 27 December 2013	7.3	13.8	0.8
Financial liabilities at 28 December 2012	7.3	14.7	0.9

Other than the swaps provision, floating rate financial liabilities bear interest, based on LIBOR six month Sterling deposits, plus the appropriate margin, as set out in note 15.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments (continued)

Interest rate risks of financial assets

	2013			2012		
	Cash at bank and in hand	Other	Total	Cash at bank and in hand	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Floating rate	123,834	-	123,834	35,325	-	35,325
Fixed rate	-	-	-	-	-	-
No interest	-	6,368	6,368	-	5,696	5,696
At end of period	123,834	6,368	130,202	35,325	5,696	41,021

Floating rate financial assets earn interest at prevailing short-term market interest rates.

All the Group's debtors falling due within one year are excluded from the above table due to the exclusion of short-term items or because they do not meet the definition of a financial asset, such as trade debtors and prepayments.

Maturity of financial liabilities

The maturity profile of the carrying value of the Group's financial liabilities, other than short-term trade creditors and accruals at the period end was:

	2013			2012		
	Debt	Other financial liabilities	Total	Debt	Other financial liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	239,007	15,953	254,960	130,827	13,431	144,258
Between one and two years	15,021	927	15,948	9,981	1,020	11,001
Between two and five years	51,084	2,765	53,849	34,742	2,423	37,165
Over five years	317,163	4,009	321,172	260,763	3,971	264,734
Total	622,275	23,654	645,929	436,313	20,845	457,158

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments (continued)

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at the period end in respect of which all conditions precedent had been met at that date:

	2013	2012
	£'000	£'000
In one year or less, or on demand	-	55,000
In more than one year, but less than two years	-	-
In more than two years, but less than five years	5,000	-
	5,000	55,000

During the period, £63,000,000 was drawn (2012: £50,000,000 undrawn) of the Liquidity Facility relating to the Class A and B Secured Notes. This facility may only be used to repay interest and principal on the Secured Notes in the event of insufficient cash to service these instruments. The facility is subject to annual renewal. However, if the bank providing the facility does not renew it, then the provider is required to place £63,000,000 (2012: £50,000,000) in a bank account, which the Group may access as if it represented a borrowing facility on the same terms. The facility is available on these terms until the Secured Notes have been repaid in full. This facility is currently cash collateralised, but effectively undrawn on a net basis. See note 14 for further information.

The remaining £5,000,000 facility expires in April 2018. Both these facilities incur commitment fees at market rates.

Collateralisation of Liquidity Facility

In November 2013 the Group enforced its right to require the Royal Bank of Scotland ('RBS') to cash collateralise the Group's Liquidity Facility, following the downgrade of RBS by Standard & Poor's. This collateralisation may be reversed at RBS's option once their short term rating is at least A-1. This facility is effectively undrawn on a net basis and the cash may only be used in the same circumstances before the cash collateralisation was enforced.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments (continued)

Borrowing facilities (continued)

Fair values of financial assets and financial liabilities

	2013		2012	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Primary financial instruments held or issued to finance the Group's operations:				
Other creditors	(19,167)	(19,167)	(15,984)	(15,984)
Class A secured notes	(173,498)	(200,893)	(147,856)	(181,271)
Deferred issue costs of class A notes	6,757	-	6,254	-
Class B secured notes	(206,350)	(274,342)	(165,600)	(235,997)
Deferred issue costs of class B notes	9,533	-	8,264	-
Premium on secured notes	(39,535)	(39,535)	(20,051)	(20,051)
Intercompany borrowings	(156,182)	(156,182)	(117,323)	(117,323)
Financial liabilities - collateralisation of Liquidity Facility	(63,000)	(63,000)	-	-
Cash and cash equivalents - excluding collateralisation of Liquidity Facility	60,822	60,822	35,325	35,325
Cash and cash equivalents - collateralisation of Liquidity Facility	63,012	63,012	-	-
Other financial assets	6,368	6,368	5,696	5,696
Derivative financial instruments held to manage the interest rate profile:				
Interest rate swaps	(4,487)	(5,219)	(4,862)	(6,145)
	(515,727)	(628,136)	(416,137)	(535,750)

The fair value of the Class A and B secured notes are based on the closing price as quoted on the Irish stock exchange.

The fair values of the other inter company borrowings are calculated by reference to gilt yield rates, adjusted for a risk premium. The fair value of the loan notes for settlement in the short term is calculated by reference to LIBOR at the balance sheet date.

All the Company's creditors falling due within one year (other than bank, other borrowings and accrued interest) are excluded from the above table due to the exclusion of short-term items.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

18 Financial instruments (continued)

Hedges

The table below shows the extent to which the Group has off-balance sheet (unrecognised) and on balance sheet (deferred) gains and losses which have been included in the profit and loss account for the period and those gains and losses which are expected to be included in future profit and loss accounts. The only hedges the Group has are in respect of the interest rate swaps described in note 17 (d).

As detailed in note 17 (d), the Directors consider that the net effect of the various interest rate swaps to be that of an onerous contract and hence, recognised within provisions. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised losses, is as follows:

	Unrecognised gains/(losses)	Deferred gains/ (losses)
	£'000	£'000
Losses on hedges at beginning of the period	(1,632)	(4,862)
Arising in the period	549	375
Losses on hedges at 27 December 2013	(1,083)	(4,487)
Of which:		
Losses expected to be included in 2014 profit and loss account	-	(285)
Losses expected to be included in 2015 profit and loss account or later	(1,083)	(4,202)

Financial instruments held for trading purposes

The Group does not trade in financial instruments.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

19 Called up share capital

	27 December 2013	28 December 2012
	£'000	£'000
Allotted and fully paid:		
110,000,002 (2012: 110,000,002) Ordinary Shares of 0.01p each	11	11

20 Reserves

(a) Group	Other reserves	Profit and loss reserve	Total
	£'000	£'000	£'000
At the beginning of the period	6,221	(187,727)	(181,506)
Profit for the financial period	-	27,207	27,207
Dividends paid	-	(60,057)	(60,057)
Actuarial loss on pension scheme (note 22)	(2,096)	-	(2,096)
Movement on deferred tax relating to pensions	487	-	487
Tax rate change 23% to 20% (2012: 25% to 23%)	(97)	-	(97)
Effect of employee share options (note 23)	1,465	-	1,465
At end of the period	5,980	(220,577)	(214,597)
b) Company	Profit and loss reserve		
	2013	2012	
	£'000	£'000	
At beginning of the period	94,968	74,769	
Profit for the financial period	99,714	20,199	
Dividend paid	(60,057)	-	
At end of the period	134,625	94,968	

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

21 Reconciliation of movements in shareholders' funds / (deficit)

	Company	Group
	£'000	£'000
Profit for the financial period	99,714	27,207
Dividends paid	(60,057)	(60,057)
Actuarial loss on pension scheme (note 22)	-	(2,096)
Movement on deferred tax relating to pension scheme	-	487
Tax rate change 23% to 20% (2012: 25% to 23%)	-	(97)
Effect of employee share options	-	1,465
Net increase / (decrease) in shareholders' funds / (deficit)	39,657	(33,091)
Opening shareholders' funds / (deficit)	94,979	(181,495)
Closing shareholders' funds / (deficit)	134,636	(214,586)

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

22 Pension commitments

Defined contribution plans

The Group contributes to certain individuals' personal pension schemes. These contributions are accounted for as defined contributions.

The pension costs for defined contribution schemes are as follows:

	2013	2012
	£'000	£'000
Defined contribution schemes	245	71

Defined Benefit Plan

The Group operates a defined benefit scheme the Dignity Pension and Assurance Scheme. A full actuarial valuation was carried out as at 6 April 2011. The valuation results of the merged scheme were updated to 27 December 2013 by a qualified independent Actuary.

For 2013, the employer contribution rate payable was 9.2% of Pensionable Salaries up to 31 September 2013 and 10% from that date (2012: 9.2% of Pensionable Salaries). The total monetary contribution paid by the employer for 2013 was £1,470,000 (2012: £1,344,000).

Assumptions

The principal assumptions used by the actuary were:

	27 December 2013	28 December 2012
Discount rate	4.7%	4.65%
Expected long-term rate of return on assets	5.3%	4.8%
Rate of increase in salaries	2.5%	2.8%
Rate of increase in payment pensions accrued between 6 April 1997 and 5 April 2005	3.4%	2.8%
Rate of increase in payment of post 5 April 2005 pensions	2.3%	2.1%
RPI price Inflation assumption	3.5%	2.9%
CPI price inflation assumption	2.5%	2.1%

The underlying mortality assumption is based upon the standard table known as S1PA on a year of birth basis, with CMI_2009 future improvement factors, a long term rate of improvement of 1.25 per cent per annum and rated up two years for males and down two years for females (2012: same).

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

22 Pension commitments (continued)

The assets in the plans and the expected rates of return were:

	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at
	27 December 2013		28 December 2012	
	%	£'000	%	£'000
Bonds	3.55	32,716	2.5	30,916
Equities and Property	7.25	50,683	7.25	47,499
Cash	0.5	7,792	0.5	8,563
Total market value of assets		91,191		86,978
Present value of plan liability		(92,202)		(86,908)
(Deficit) / surplus in the plan		(1,011)		70
Related deferred tax asset / (liability)		202		(16)
Net pension (liability) / asset		(809)		54

The rate of return is determined by identifying an appropriate rate of return for each class of asset held in conjunction with the Company's professional advisor.

At 27 December 2013 and 28 December 2012 the Pension Trustees did not hold, on behalf of the scheme, any direct investments in the Group, nor did the Group occupy any property or other assets included with the fair value of plan assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

22 Pension commitments (continued)

Changes in the present value of the defined benefit obligation are as follows:

	27 December 2013	28 December 2012
	£'000	£'000
Present value of obligation at beginning of period	(86,908)	(83,171)
Current service cost	(1,635)	(1,788)
Interest cost	(3,956)	(4,030)
Benefits paid	3,474	3,667
Contributions by participants	(1,196)	(1,385)
Actuarial loss	(1,981)	(201)
Present value of obligation at end of period	(92,202)	(86,908)

Expected contributions to post employment benefit plans for the 52 week period ended 26 December 2014 are £1,487,000.

Changes in the fair value of the schemes assets are as follows:

	27 December 2013	28 December 2012
	£'000	£'000
Fair value of plan assets at beginning of period	86,978	84,465
Expected return on plan assets	4,147	4,214
Contributions by Group	2,459	1,344
Contributions by participants	1,196	1,385
Benefits paid	(3,474)	(3,667)
Actuarial losses	(115)	(763)
Fair value of plan assets at end of period	91,191	86,978

The actual return on scheme assets in the period was £4,032,000 (2012: £3,451,000). The schemes liabilities are wholly funded.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

22 Pension commitments (continued)

Analysis of amount charged to profit in respect of defined benefit schemes

	27 December 2013	28 December 2012
	£'000	£'000
Current service cost	1,635	1,788
Total operating charge	1,635	1,788
Analysis of the amount charged to other finance expense		
Expected return on pension scheme assets	4,147	4,214
Interest on pension scheme liabilities	(3,956)	(4,030)
Net finance income	191	184

Analysis of amount recognised in statement of total recognised gains and losses

	27 December 2013	28 December 2012
	£'000	£'000
Actual return less expected return on pension scheme assets	(115)	(763)
Experience gains and losses arising on the scheme liabilities	264	650
Changes in the assumptions underlying the present value of the scheme liabilities	(2,245)	(851)
Actuarial loss recognised in statement of total recognised gains and losses	(2,096)	(964)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £3,243,000 (2012: £1,147,000).

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

22 Pension commitments (continued)

History of experience gains and losses

	27 December 2013	28 December 2012	30 December 2011	31 December 2010	25 December 2009
	£'000	£'000	£'000	£'000	£'000
Difference between the actual and expected return on scheme assets:					
Amount	(115)	(763)	(4,579)	2,583	4,506
Percentage of schemes' assets	0%	1%	5%	3%	6%
Experience gains and losses on scheme liabilities:					
Amount	264	650	953	(1,104)	(323)
Percentage of the present value of the schemes' liabilities	0%	1%	1%	1%	0%
Present value of the defined benefit obligation	(92,202)	(86,908)	(83,171)	(76,075)	(68,042)
Fair value of scheme assets	91,191	86,978	84,465	84,566	77,155
(Deficit) / surplus	(1,011)	70	1,294	8,491	9,113
Total amount recognised in statement of total recognised gains and losses:					
Amount	(2,096)	(964)	(7,892)	(2,030)	(4,761)
Percentage of the present value of the schemes' liabilities	2%	1%	9%	3%	7%

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

23 Share-based payments

In respect of share-based payment arrangements, total charges to the income statement were £1,465,000 (2012: £1,199,000). The Directors consider that these amounts are immaterial and hence further detailed disclosures have been omitted.

24 Related party disclosures

The Group has taken advantage of the exemption provided within FRS 8, not to disclose transactions with wholly owned subsidiary undertakings, of whose voting rights are controlled within the Group.

Pre-arrangement trusts

During the period, the Group entered into transactions with the Trusts associated with the pre-arranged funeral plan businesses. The nature of the relationship with the Trusts is set out in the accounting policies. Amounts may only be paid out of the Trusts in accordance with the relevant Trust Deeds.

Transactions principally comprise:

- The recovery of marketing and administration expenses in relation to plans sold net of cancellations; and
- Receipts from the Trusts in respect of carrying out funerals.

Transactions also include:

- Receipts from the Trust in respect of cancellations by existing members;
- Reimbursement by the Trust of expenses paid by the Group on behalf of the respective Trusts; and
- The payment of realised surpluses generated by the Trust funds as and when the trustees sanction such payments.

Related party transactions are summarised below:

	Transactions receivable during the period		Amounts due from the Trust at the period end	
	27 December 2013 £'000	28 December 2012 £'000	27 December 2013 £'000	28 December 2012 £'000
Dignity Limited Trust Fund	338	309	30	44
National Funeral Trust	31,096	28,971	1,531	1,400
Trust for Age UK Funeral Plans	33,992	31,558	1,504	1,545

A further £3,663,000 (2012: £3,145,000) is due from the Trust's after more than one year.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

25 Reconciliation of operating profit to net cash inflows from operating activities

	27 December 2013 £'000	28 December 2012 £'000
Operating profit	60,656	58,452
Depreciation and amortisation charges	22,101	19,306
Loss / (profit) on disposal of fixed assets	49	(106)
Decrease in provisions	1,757	1,718
Increase in stocks	(34)	(408)
Decrease / (increase) in debtors	1,206	(1,336)
Increase in creditors	91	2,992
Net cash inflow from operating activities	85,826	80,618

The impact of the amounts debited to loss on disposal of fixed assets of £49,000 (2012: profit of £106,000) is shown in the table above. The proceeds from the sale of fixed assets are shown within 'capital expenditure and financial investment'.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

26 Analysis of cash flows for headings netted in the cash flow statement

	27 December 2013	28 December 2012
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	227	115
Finance charges paid	(23,712)	(12,050)
Payments from restricted bank accounts for finance charges	11,899	-
Payments to restricted bank accounts for finance charges	(14,600)	(11,899)
Issue costs	(3,457)	-
Net cash outflow from returns on investments and servicing of finance	(29,643)	(23,834)

	27 December 2013	28 December 2012
	£'000	£'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17,306)	(19,843)
Sale of fixed assets	603	805
Transfer to restricted bank accounts	1,500	-
Net cash outflow from capital expenditure and financial investment	(15,203)	(19,038)
Acquisitions and disposals		
Acquisition of funeral businesses (note 28)	(3,774)	(4,694)
Cash acquired on acquisition	2,294	-
Deferred consideration paid in respect of acquisitions	(70)	(80)
Net cash outflow from acquisitions and disposals	(1,550)	(4,774)

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

26 Analysis of cash flows for headings netted in the cash flow statement (continued)

	27 December 2013 £'000	28 December 2012 £'000
Financing		
Repayment of Class A Secured Notes	(8,621)	(4,073)
Repayment of interest free loans	(34,410)	(4,416)
Transfer from restricted bank accounts for repayment of borrowings	4,229	-
Payments to restricted bank accounts for repayment of borrowings	(5,683)	(4,229)
Capital raised from issue of further notes	97,268	-
Net cash inflow / (outflow) from financing	52,783	(12,718)

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

27 Analysis of net debt

	At beginning of the period £'000	Cash flow £'000	Other non-cash changes £'000	At end of the period £'000
Cash at bank and in hand – excluding collateralisation of Liquidity Facility	35,325	25,497	-	60,822
Collateralisation of Liquidity Facility	-	63,012	-	63,012
Restricted cash reported within capital expenditure and financial investment (see note 12)	(1,500)	1,500	-	-
Restricted cash – collateralisation of Liquidity Facility	-	(63,012)	-	(63,012)
Restricted cash – set aside for debt service	(16,128)	(4,155)	-	(20,283)
Cash at bank and in hand as per FRS 1	17,697	22,842	-	40,539
Debt due after one year	(305,485)	(97,268)	19,485	(383,268)
Debt due within one year	(13,504)	10,075	(16,396)	(19,825)
Loans from fellow subsidiaries – other	(117,323)	34,410	(73,269)	(156,182)
Net debt	(418,615)	(29,941)	(70,180)	(518,736)

Major non-cash transactions

Non-cash charges comprise amortisation of deferred debt issue costs, the capitalisation of interest on certain borrowings and transfers between categories.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

28 Businesses acquired

	Dignity Funerals No.2 Limited £'000	Other acquisitions £'000	Total £'000
Net assets acquired			
Intangible assets	50,046	-	50,046
Tangible fixed assets	22,869	153	23,022
Stock	178	6	184
Other working capital	(76,949)	609	(76,340)
Net assets	(3,856)	768	(3,088)
Goodwill arising on acquisition of funeral businesses	3,856	3,006	6,862
	-	3,774	3,774
Satisfied by:			
Cash paid on completion	-	3,774	3,774
Reconciliation to cash flow:			
Cash paid on completion			3,774
Cash acquired on acquisition			(2,294)
Deferred consideration paid			70
Net cash paid on completion			1,550

During 2013, the Group also acquired the operational interest of four funeral locations. These transactions were either acquisitions of trade and assets or acquisitions of the entire issued share capital of a limited company.

It is also not possible to quantify the results of these businesses prior to acquisition as it represents confidential information relating to the vendors, which the Directors do not have authority to disclose.

All tangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill. This represents the value to the Group of the locations.

The fair value adjustments contain provisional amounts, which will be finalised in 2014. These adjustments reflect the fair value of other working capital movements such as debtors, stock and accruals.

All acquisitions have been accounted for under the acquisition method. None were individually material and consequently have been aggregated.

Dignity (2002) Limited

Notes to the financial statements for the period ended 27 December 2013 (continued)

29 Contingent liabilities

On 11 April 2003, the Dignity group refinanced its debt by way of a whole business securitisation. Furthermore, on 21 February 2006, 27 September 2010 and 30 July 2013, further secured notes were issued on identical terms. As a result, the following guarantees and charges were granted to BNY Mellon Corporate Trustee Services Limited (formerly BNY Corporate Trustee Services Limited) in its capacity as Security Trustee in the securitisation:

- The Company and its wholly owned subsidiaries ('the Group') have granted the Security Trustee fixed and floating charges over the assets and undertakings of the Group;

At 27 December 2013, the total of the principal amounts owing and unamortised premium, by the Dignity (2002) Group, in relation to these borrowings was £419,383,000 (2012: £333,507,000).

In the opinion of the directors, no further liability is likely to crystallise in respect of these guarantees.

30 Other commitments

Dignity Pre-Arrangement Limited, Dignity Securities Limited and Advance Planning Limited are fellow members of the Dignity Group in the United Kingdom. These companies have sold pre-arranged funeral plans to their clients in the past. All monies from these sales are held and controlled by three independent Trusts, being the National Funeral Trust, the Dignity Limited Trust Fund and the Trust for Age Concern Funeral Plans respectively. Full details of the transactions can be found in the annual reports of these companies, which are available from 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP, the Company's Registered office.

The Group has given commitments to certain of these clients to perform their funeral. The cost of the performance of these funerals will be paid out of the funds held in the Trusts.

It is the view of the directors that none of these commitments are onerous to the Group.

Disclosures of certain other aspects of the Trusts are contained within the consolidated financial statements of the ultimate parent company Dignity plc.

31 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking at 27 December 2013 and 28 December 2012 was Dignity (2004) Limited. The ultimate parent undertaking and controlling party is Dignity plc.

The parent undertaking of the smallest and largest group in which the financial statements of the Company are consolidated is Dignity plc. Copies of the consolidated financial statements of Dignity plc can be obtained from the Company Secretary, 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP.

32 Post balance sheet events

The Group has acquired four funeral locations since the balance sheet date.

APPENDIX 3
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF THE
BORROWER FOR THE 52 WEEK PERIOD ENDED 28 DECEMBER 2012

Dignity (2002) Limited

Annual report and financial statements
for the period ended 28 December 2012

Registered number: 04349697

Dignity (2002) Limited

Annual report and financial statements for the period ended 28 December 2012

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Dignity (2002) Limited

Directors and advisors for the period ended 28 December 2012

Directors

M K McCollum
S L Whittern
A R Davies
R H Portman

Registered office

4 King Edwards Court
King Edwards Square
Sutton Coldfield
West Midlands
B73 6AP

Registered number

04349697

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Principal bankers

Royal Bank of Scotland plc
West Midlands Corporate Office
2 St Philips Place
Birmingham
B3 2RB

Dignity (2002) Limited

Directors' report for the period ended 28 December 2012

The Directors present their annual report and the audited consolidated financial statements of Dignity (2002) Limited ('the Company') and its subsidiaries ('the Group') for the 52 week period ended 28 December 2012. The Company is a subsidiary of Dignity plc and a member of the Dignity plc group ('the Dignity group'). The comparative period is for the 52 week period ended 30 December 2011.

Principal activities

The principal activities of the Group are the provision of funeral services including funeral directing, crematoria operation and the marketing and administration of pre-arranged funeral plans. The principal activity of the Company is that of a holding company.

Business review and future developments

The directors of Dignity plc manage the Dignity group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Dignity (2002) Limited. The development, performance and position of Dignity plc, which includes the Company, is discussed within the Business Review of the Dignity group's annual report which does not form part of this report.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Dignity group and are not managed separately. Accordingly, the principal risks and uncertainties of Dignity group, which include those of the Company, are discussed within the Directors' Report of the Dignity group's annual report which does not form part of this report.

Results and dividends

The Group's results for the period are shown on page 6. No dividend was declared or paid for in the period (2011: £nil).

Going concern

The Directors receive and review regularly management accounts, cash balances, forecasts and the annual budget together with covenant compliance. After careful consideration, and mindful of the current market conditions, the Directors have formed a judgement at the time of approving the financial statements that both the Company and the Group have adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

M K McCollum
S L Whittern
A R Davies
R H Portman

Dignity (2002) Limited

Directors' report for the period ended 28 December 2012 (continued)

Directors' indemnities

During the period, the Group maintained liability insurance for its Directors and Officers. The Directors of this company have the benefit of this indemnity provision in the Group's Articles of Association. The indemnity provision, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006, was in force throughout the period and is currently in force.

Donations

The Group made charitable donations amounting to £99,000 (2011: £92,000) during the period.

There were no political donations (2011: £nil).

Employment policies

During the period, the Group has maintained its obligations to develop and improve arrangements aimed at involving employees in its affairs. Methods of communication used include an in-house newsletter, an employee website, bulletins and management briefings. Employment policies are designed to provide equal opportunities irrespective of age, sexuality, colour, ethnic or national origin, religion, nationality, sex or marital status. Full consideration is given to the employment, training and career development of disabled persons subject only to their aptitudes and abilities. The Group endeavours to treat disabled persons equally with others, and will also endeavour to help and accommodate persons who become disabled whilst working for the Group.

Creditors payment policy

The Group has no formal code or standard, which deals specifically with the payment of suppliers. However, the Group's policy on the payment of all creditors is to ensure that the terms of payment as specified by, and agreed with, the supplier are not exceeded, provided that all trading terms and conditions have been complied with. The average creditor payment period of the Group was 36 days (2011: 40 days).

The Company had no trade creditors at the balance sheet date.

Financial risk

The financial risk management objectives and policies of the group are described in note 17 of the financial statements.

Post balance sheet events

See note 31 for further information.

Dignity (2002) Limited

Directors' report for the period ended 28 December 2012 (continued)

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 prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

As at the date this report was signed, so far as each director is aware, there is no relevant audit information of which the company's auditor are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the board



S L Whitterm
Director

19 April 2013

Independent auditors' report to the members of Dignity (2002) Limited

We have audited the group and parent company financial statements (the "financial statements") of Dignity (2002) Limited for the 52 week period ended 28 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 December 2012 and of the group's profit and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

19 April 2013

Dignity (2002) Limited

Consolidated profit and loss account for the period ended 28 December 2012

		52 week period ended 28 December 2012	52 week period ended 30 December 2011
	Note	£'000	£'000
Turnover	2	225,205	208,550
Cost of sales		(93,338)	(88,579)
Gross profit		131,867	119,971
Administrative expenses		(74,925)	(67,491)
Other operating income		1,510	1,509
Operating profit	2	58,452	53,989
Interest receivable and similar income	5	2,217	2,806
Interest payable and similar charges	5	(25,251)	(27,053)
Net interest payable and similar charges	2,5	(23,034)	(24,247)
Profit on ordinary activities before taxation	2,4	35,418	29,742
Tax on profit on ordinary activities	6	(8,584)	(6,365)
Profit for the financial period	19	26,834	23,377

The results have been derived wholly from continuing activities.

Note of historical cost profit and loss

There is no difference between the profit disclosed in the profit and loss account and the profit for the financial periods stated above and their historical cost equivalents.

Dignity (2002) Limited

Consolidated statement of total recognised gains and losses for the period ended 28 December 2012

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	£'000	£'000
Profit for the financial period	26,834	23,377
Actuarial loss on pension scheme (note 21)	(964)	(7,892)
Movement on deferred tax relating to pensions actuarial losses	231	2,052
Movement on deferred tax relating to rate change 25% to 23% (2011: 27% to 25%)	14	98
Total recognised gains relating to the period	26,115	17,635

Dignity (2002) Limited

Consolidated balance sheet as at 28 December 2012

		28 December 2012	30 December 2011
	Note	£'000	£'000
Fixed assets			
Intangible assets	7	107,770	112,488
Tangible assets	8	138,327	129,397
		246,097	241,885
Current assets			
Stocks	10	6,390	5,853
Debtors (including £5,696,000 (2011: £5,450,000) due after one year)	11	26,815	25,503
Cash at bank and in hand	12	35,325	7,352
		68,530	38,708
Creditors: amounts falling due within one year	13	(179,982)	(165,010)
Net current liabilities		(111,452)	(126,302)
Total assets less current liabilities		134,645	115,583
Creditors: amounts falling due after more than one year	14	(306,781)	(316,004)
Provisions for liabilities	16	(9,413)	(9,337)
Net liabilities excluding pension asset		(181,549)	(209,758)
Pension asset	21	54	970
Net liabilities including pension asset	2	(181,495)	(208,788)
Capital and reserves			
Called up share capital	18	11	11
Other reserves	19	6,221	5,762
Profit and loss reserve	19	(187,727)	(214,561)
Total shareholders' deficit	20	(181,495)	(208,788)

The financial statements on pages 6 to 57 were approved by the board of directors on 19 April 2013 and were signed on its behalf by:



S L Whittern
Director

Dignity (2002) Limited

Registered number: 04349697

Dignity (2002) Limited

Company balance sheet as at 28 December 2012

		28 December 2012	30 December 2011
	Note	£'000	£'000
Fixed assets			
Investments	9	526,203	526,203
Current assets			
Debtors	11	17	1,405
Cash at bank and in hand	12	18,076	4,969
Total current assets		18,093	6,374
Creditors: amounts falling due within one year	13	(138,970)	(138,168)
Net current liabilities		(120,877)	(131,794)
Total assets less current liabilities		405,326	394,409
Creditors: amounts falling due after more than one year	14	(305,485)	(314,761)
Provisions for liabilities	16	(4,862)	(4,868)
Net assets		94,979	74,780
Capital and reserves			
Called up share capital	18	11	11
Profit and loss reserve	19	94,968	74,769
Total shareholders' funds	20	94,979	74,780

The financial statements on pages 6 to 57 were approved by the board of directors on and were signed on its behalf by:

19 April 2013



S L Whittern
Director

Dignity (2002) Limited

Consolidated cash flow statement for the period ended 28 December 2012

		28 December 2012	30 December 2011
	Note	£'000	£'000
Net cash inflow from operating activities	24	80,618	73,425
Returns on investments and servicing of finance	25	(23,834)	(24,299)
Taxation		(8,409)	(6,168)
Capital expenditure and financial investments	25	(19,038)	(17,066)
Acquisitions and disposals	25	(4,774)	(2,554)
Cash inflow before use of liquid resources and financing		24,563	23,338
Financing	25	(12,718)	(30,239)
Increase / (decrease) in cash in the period	26	11,845	(6,901)

Dignity (2002) Limited

Reconciliation of cash flow statement to movement in net debt

	Note	28 December 2012 £'000	30 December 2011 £'000
Increase / (decrease) in cash for the period	26	11,845	(6,901)
Cash outflow from net decrease in debt	25	12,718	30,239
Change in net debt resulting from cash flows		24,563	23,338
Other non-cash changes	26	(3,911)	(902)
Movement in net debt in the period		20,652	22,436
Net debt at the start of the period		(439,267)	(461,703)
Net debt at the end of the period	26	(418,615)	(439,267)

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012

1 Principal accounting policies

Basis of preparation and consolidation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries ('the Group'). In accordance with the concession granted under section 408 of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in the financial statements.

Acquisition or disposal of subsidiary undertakings

Results of subsidiary undertakings acquired during the period are included in Group profit from the effective date of control using the acquisition method of accounting. The separable net assets, both tangible and intangible, of newly acquired subsidiary undertakings are incorporated into the financial statements on the basis of the fair value to the Group as at the effective date of control.

Going concern

The Directors receive and review regularly management accounts, cash balances, forecasts and the annual budget together with covenant compliance. After careful consideration, and mindful of the current market conditions, the Directors have formed a judgement at the time of approving the financial statements that both the Company and the Group have adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Turnover

Turnover from funeral operations comprises the amount recoverable from customers for the provision of funerals, income from crematoria and other services, to the extent that those services have been performed or the goods supplied.

Income from memorial sales is recognised at the point of sale, to the extent that the goods have been supplied. Costs of maintaining memorials are recognised as incurred.

The accounting policies for recognising turnover for pre-arranged funeral plans, cremation certificates, and for commissions for insurance plans sold are stated below.

All amounts are exclusive of VAT.

The Group pays certain disbursements such as crematoria fees, burial plots, ministers' fees and doctors' fees on behalf of its clients. These amounts are recovered as part of the invoicing process. However, these amounts are not included within net revenues as they generally do not provide a margin for the Group.

Pre-arranged funeral plans

Trust plans

The Group markets and sells pre-arranged funeral plans, monies received from selling funeral plans being held and controlled by independent pre-arranged funeral plan trusts ('the Trusts'). The responsibility for the ultimate performance of funerals is allocated to funeral directors, who are selected by the beneficiary of the plan and some of whom are not owned by the Group.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

1 Principal accounting policies (continued)

Trust plans (continued)

The Group receives monies from the Trusts in respect of the following transactions:

- A marketing and administration fee in respect of each plan sold. The marketing element is only refundable in the event that the plan is subsequently cancelled. A provision is made for cancellations based on historical experiences, where material, to cover the estimated marketing element refundable to the Trusts. Marketing and administration fees are included in Group revenue when the related plan is sold less the provision for refunds arising on cancellations; and
- Further contributions are also received from the Trusts in return for the provision of general ongoing administrative services supplied to the Trusts. These contributions are included in Group revenue for the period to which they relate.

All costs in respect of the marketing and administration of the pre-arranged funeral plans are expensed in the Group income statement as incurred.

From time to time, the Group receives monies from certain of the Trusts, in line with the relevant Trust's deed, which have been assessed by the trustees as not required to ensure the Trust has sufficient assets to meet its future liabilities in respect of current members ('Recoveries'). All Recoveries are recognised as other operating income in the period in which the trustees approve their payment.

The Group makes payments on behalf of the Trusts relating to the ongoing overheads of the Trusts, refunds to members of the Trusts in event of cancellation, and the payments made to third party funeral directors when the funeral is ultimately performed. All such payments are reimbursed in full by the Trusts on demand, in accordance with the terms of the relevant Trust's deed.

Neither the sales value of plans nor the costs of providing funerals are recognised in the financial statements of the Group when a pre-arranged funeral plan is sold.

Each Dignity marketing company contractually guarantees with the customer of a pre-arranged funeral plan that (i) if the customer chooses to cancel their selected funeral plan, a full refund will be made to the customer of all monies paid in respect thereof (less in certain cases an administration fee payable to the relevant Dignity marketing company); (ii) the funeral director's services (as selected by the customer) will be provided regardless of price rises in the future; and (iii) for certain plans sold, specific disbursements will be provided regardless of price rises in the future.

Insurance plans

The Group is the named beneficiary on a number of life assurance products sold by third party insurance companies, in consideration for which the Group has committed to performing the funeral (including some disbursements) of the plan holder at no further charge.

A commission is paid when the policy is charged to the Group. As this commission is fully refundable if the Group does not perform the funeral for any reason, it is carried as a debtor and expensed when the funeral is performed.

In the event of death of the policyholder, the Group makes an agreed payment to the nominated funeral director and a debtor is recognised. At this time a commission fee is recognised as turnover. All monies are reclaimed in full from the life insurance company.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

1 Principal accounting policies (continued)

Repairs and renewals

All repairs and renewals are charged to the profit and loss account, unless they represent an enhancement to the original asset.

Cost of acquisitions and goodwill

Goodwill, which represents the excess of the fair value of the consideration for businesses acquired over the fair values of the net assets acquired, is capitalised and stated at historical cost less provisions for amortisation and impairment.

Amortisation of goodwill is provided from the date of acquisition so as to write-off the asset, on a straight-line basis over the term of their useful lives. The directors have assessed the useful economic life of the Group's goodwill as being 20 years.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The business and subsidiaries acquired are generally combined with existing operations in the year of acquisition, or the year thereafter and are therefore only considered to be separate cash-generating units during this time.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provisions for impairments. Cost includes, where appropriate, directly attributable costs incurred in bringing each asset to its present location and condition.

Depreciation of tangible fixed assets is provided from the date of acquisition so as to write-off assets on a straight-line basis over the term of their useful lives. The bases and annual depreciation rates in use for the various classes of assets are as follows:

Freehold and long leasehold premises	2% - 10% on cost of buildings element
Short leasehold premises	Over term of lease
Motor vehicles	11% - 20% on cost
Computers	20% on cost
Other plant and equipment	5% - 33% on cost
Fixtures and fittings	15% on cost

Land is not depreciated on the basis that land has an indefinite life. Where the historical cost of land and buildings cannot be split, the directors have estimated that the historical cost attributable to land is one third of the original cost of acquiring the land and buildings. This estimate is regularly reviewed.

The Group's cremators, which are included within 'other plant and equipment', are recognised as having two components, with different depreciation rates being used for each component, as permitted by FRS 15. This is because elements of this equipment require regular major capital maintenance expenditure in order to continue in use. This component is depreciated at 33% per annum on a straight line basis compared to 5% per annum for the other.

Assets in the course of construction are included within plant and equipment. When these assets are subsequently brought into use they are recorded as reclassifications within the relevant asset category. No depreciation is charged on these assets until they are brought into use.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

1 Principal accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at historical cost, less any provision for impairment.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate that the carrying value may not be recoverable or at the end of the first full financial year following the recognition of goodwill. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account within operating profit. A reversal of an impairment loss is recognised in the profit and loss account to the extent that the original loss was recognised.

Stock

Stock, which comprises funeral supplies and monumental masonry, is stated at the lower of cost and net realisable value. Cost includes all directly attributable costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred in completion and sale, after allowance for obsolete and slow moving items. Cost is determined on a first-in, first-out basis and represents materials and where appropriate, direct labour and applicable overhead.

Pension costs

The cost of defined contribution retirement schemes is charged as an expense as the costs become payable. Any difference between the payments and the charge is recognised as a short term asset or liability.

For defined benefit retirement schemes, the cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

The current service cost and any past service cost are presented within operating profit. The expected return on plan assets less the interest arising on the pension liabilities is presented within net finance costs. Actuarial gains and losses are recognised in full in the period in which they occur and presented in the consolidated statement of recognised gains and losses.

The expected return on plan assets reflects the estimate made by management of the long term yields that will arise from the specific assets held within the pension plan. The rate of return is determined by identifying an appropriate rate of return for each class of asset held in conjunction with the Dignity group's professional adviser. The retirement benefit net asset recognised in the balance sheet represents the fair value of any relevant scheme assets net of the present value of the defined benefit obligation. The discount rate applied in arriving at the present value represents yields on high quality corporate bonds in a similar economic environment with lives similar to the maturity of the pension liabilities.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that they are regarded as more likely than not to be recoverable.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

1 Principal accounting policies (continued)

Provisions

Provisions are recognised when the Company or the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

Provisions (other than deferred tax) are discounted where the present value of the provision is materially different to the undiscounted value. The unwinding of discounts is included within net interest payable and similar charges.

Hire purchase contracts, finance leases and operating leases

Assets acquired under hire purchase agreements and finance leases are capitalised at cost and depreciated over the shorter of the term of the lease and the useful life underlying the depreciation rates set out above. The capital element of future rentals is included under creditors. Interest is charged to the profit and loss account over the period of the lease.

Rental costs of operating leases are charged to the profit and loss account in the period to which they relate

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the closing rate and the exchange differences are included in the profit and loss account. Profit and loss account transactions in foreign currencies are translated into Sterling at the exchange rate on the date the transaction took place

Financial instruments

Debt finance

All borrowings are stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on secured notes, bank loans and borrowings from other Dignity companies are charged to the profit and loss account, as finance costs, on a constant-yield basis over the term of the borrowings, or over a shorter period where it is more likely than not that the lender will require earlier repayment using the effective interest method.

Interest rate swaps

The Group currently uses several types of financial instruments as part of an overall interest rate risk management strategy. It does not enter into financial instruments for trading purposes. Interest rate risk associated with net debt is managed by using a combination of fixed and floating rate borrowings and financial derivatives such as interest rate swaps. The cash flows from, and losses arising on terminations of, these contracts are recognised as returns on investments and servicing of finance. The Group's interest rate swaps are accounted for as onerous contracts. See note 16 (d) for further information.

Early termination costs

Premiums and discounts arising on the early repayment of borrowings are written-off to the profit and loss account as incurred.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

1 Principal accounting policies (continued)

Dividends policy

Dividends payable are only recognised when they are appropriately approved

Share based payments

The Group issues equity settled share-based payments to certain employees. A fair value for the equity settled share awards is measured at the date of grant. Management measures the fair value using the valuation technique that they consider to be the most appropriate to value each class of award, which include Black-Scholes calculations and Monte Carlo simulations. The valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. When the options are exercised the ultimate parent company issues new shares.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

2 Turnover, segmental and geographical information

	52 week period ended 28 December 2012 £'000	52 week period ended 30 December 2011 £'000
Turnover		
Funeral services	153,479	144,945
Crematoria	46,652	41,587
Pre-arranged funeral plans	25,074	22,018
	225,205	208,550
Net liabilities		
Funeral services	151,589	152,629
Crematoria	76,500	72,625
Pre-arranged funeral plans	7,296	7,101
Central overheads	187	56
Net operating assets	235,572	232,411
Debt, tax and other non-operating liabilities	(417,067)	(441,199)
	(181,495)	(208,788)

Funeral services relate to the provision of funerals and ancillary items, such as memorials and floral tributes.

Crematoria services relate to cremation services and the sale of memorials and burial plots at the Group's crematoria and cemeteries.

Pre-arranged funeral plans represent the sale of funerals in advance to customers wishing to make their own funeral arrangements, and the marketing and administration costs associated with making such sales.

Substantially all Group turnover is derived from, and substantially all of the Group's net liabilities are located in, the United Kingdom and Channel Islands. Overseas transactions are not material.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

2 Turnover, segmental and geographical information (continued)

Profit before taxation

	Profit before recoveries £'000	Recoveries (note 4) £'000	Total £'000
Period ended 28 December 2012			
Funeral services	46,413	-	46,413
Crematoria	19,708	-	19,708
Pre-arranged funeral plans	4,571	1,500	6,071
Central overheads	(13,740)	-	(13,740)
Operating profit	56,952	1,500	58,452
Net interest payable and similar charges			(23,034)
Profit on ordinary activities before tax			35,418
Period ended 30 December 2011			
Funeral services	43,129	-	43,129
Crematoria	17,957	-	17,957
Pre-arranged funeral plans	3,675	1,500	5,175
Central overheads	(12,272)	-	(12,272)
Operating profit	52,489	1,500	53,989
Net interest payable and similar charges			(24,247)
Profit on ordinary activities before tax			29,742

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

3 Staff costs

(a) Consolidated staff costs

(i) Employees

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	£'000	£'000
Wages and salaries	62,414	58,929
Social security costs	4,522	4,579
Other pension costs	1,851	1,427
Share option charges (note 22)	1,199	1,075
	69,986	66,010

The monthly average number of people (including directors) employed by the Group during the period was as follows:

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	Number	Number
Management and administration	130	125
Funeral services staff	1,988	1,981
Crematoria staff	297	283
Pre-arranged funeral plan staff	63	59
	2,478	2,448

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

3 Staff costs (continued)

(a) Consolidated staff costs (continued)

(ii) Directors' emoluments

The directors' emoluments for the period were as follows:

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	£'000	£'000
Aggregate emoluments	2,405	2,308
LTIPs	823	773
Highest paid director		
- Aggregate emoluments	987	917
- LTIPs	339	315

During the period, no directors (2011: None) exercised share options and 4 (2011: 4) directors were awarded options on Ordinary Shares in the ultimate parent undertaking in respect of qualifying services.

Nil options were exercised under the 2009 LTIP Scheme during the period as the vesting criteria were not met.

Retirement benefits are accruing to 2 directors under the Group's defined benefit schemes (2011: 2 directors). The accumulated total accrued pension at 28 December 2012 is £102,566 (2011: £101,000) for the highest paid director. Retirement benefits are accruing to no directors (2011: no director) under defined contribution schemes.

(b) Company staff costs

(i) Employees

There were no staff costs in the period (2011: £nil).

The average number of people, including directors, employed by the Company during the period was:

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	Number	Number
Administration and managerial	4	4

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

3 Staff costs (continued)

(b) Company staff costs (continued)

(ii) Directors' remuneration

The directors are directors of the ultimate parent company, Dignity plc, and details of their emoluments are included in the financial statements of that company. They received no emoluments in respect of their services to the Company (2011: £nil).

4 Profit on ordinary activities before taxation

	52 week period ended 28 December 2012 £'000	52 week period ended 30 December 2011 £'000
The profit on ordinary activities before taxation is stated after charging :		
Staff costs (note 3)	69,986	66,010
Depreciation of tangible fixed assets – owned assets (see note 8)	10,034	9,409
Amortisation of goodwill (see note 7)	9,272	9,175
Profit on sale of fixed assets	(106)	(242)
Exceptional items:		
- Recoveries (see note 1)	(1,500)	(1,500)
Services provided by the Company's auditor and its associates:		
Fees payable to the auditor for the audit of the company and other group companies financial statements	226	241
Fees payable to the company's auditor and its associates for other services:		
Other services	36	36
Tax advisory services	196	476
Operating lease rentals:		
- Property	9,035	7,626
- Plant and machinery	29	34

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

5 Net interest payable and similar charges

		52 week period ended 28 December 2012	52 week period ended 30 December 2011
	Note	£'000	£'000
Interest payable and similar charges on:			
Class A and B Secured Notes	14	22,956	23,451
Inter company borrowings	14	-	1,214
Other loans		289	283
Unwinding of discount		429	474
Amortisation of issue costs		1,577	1,631
Interest payable and similar charges		25,251	27,053
Interest receivable and similar income on:			
Bank interest and other interest		(138)	(153)
Release of premium on secured notes		(1,895)	(1,943)
FRS17 net finance income	21	(184)	(710)
Interest receivable and similar income		(2,217)	(2,806)
Net interest payable and similar charges		23,034	24,247

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

	52 week period ended 28 December 2012	52 week period ended 30 December 2011
	£'000	£'000
The taxation charge for the period comprises:		
Current tax	8,840	7,585
Adjustments in respect of previous periods	(644)	(1,072)
Total corporation tax	8,196	6,513
Deferred tax: origination and reversal of timing differences	(425)	1,112
Deferred tax: adjustment in respect of previous periods	139	(477)
Deferred tax: adjustment for rate change 25% to 23% (2011: 27% to 25%)	(42)	(40)
Deferred tax : recognition of brought forward losses not previously recognised	-	(3,476)
Deferred tax : losses utilised	716	2,733
Total deferred tax	388	(148)
Tax on profit on ordinary activities	8,584	6,365

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

6 Tax charge on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the period

The current tax charge for the period is lower (2011: lower) than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	52 week period ended 28 December 2012 £'000	52 week period ended 30 December 2011 £'000
Profit on ordinary activities before tax	35,418	29,742
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	8,677	7,882
<i>Effects of:</i>		
Adjustment in respect of overseas tax rates	(159)	(136)
Timing differences	631	44
Expenses not deductible for tax purposes	2,392	4,596
UK to UK transfer pricing	(1,985)	(2,068)
Previously unrecognised losses utilised	(716)	(2,733)
Adjustment in respect of previous periods	(644)	(1,072)
Current tax charge for the period (note 6 (a))	8,196	6,513

Expenses not deductible for tax purposes relate mainly to intangible fixed assets.

The adjustment for overseas taxation arises in respect of Pitcher & Le Quesne Limited, a subsidiary registered in Jersey.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

6 Tax charge on profit on ordinary activities (continued)

(c) Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 26 per cent to 24 per cent with effect from 1 April 2012.

In addition to the change above, legislation to reduce the main rate of corporation tax from 24 per cent to 23 per cent from 1 April 2013 was substantively enacted at the balance sheet date and so the deferred tax balance has been calculated at 23 per cent.

Further rate changes are anticipated, if these are subsequently enacted in the form expected then the corporation tax rate will reduce by two per cent in 2014 to 21 per cent and a further one per cent in 2015 to 20 per cent. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. These proposed changes are not expected to have a material impact on the financial statements.

7 Intangible assets

Group	Goodwill £'000
Cost	
At beginning of the period	183,701
Additions (note 27)	4,554
At end of the period	188,255
Accumulated amortisation	
At beginning of the period	71,213
Charge for the period	9,272
At end of the period	80,485
Net book amount	
At 28 December 2012	107,770
At 30 December 2011	112,488

The Company had no intangible fixed assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

8 Tangible assets

	Freehold land and buildings	Leasehold land and buildings	Plant, machinery, fixtures & fittings	Motor vehicles	Total
Group	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of the period	75,030	30,859	39,157	46,016	191,062
On acquisition of funeral businesses (note 27)	-	-	80	92	172
Additions	2,749	1,764	9,485	5,493	19,491
Disposals	(302)	(64)	(471)	(2,579)	(3,416)
Reclassification	3,510	268	(3,778)	-	-
At end of period	80,987	32,827	44,473	49,022	207,309
Accumulated depreciation					
At beginning of the period	12,993	9,164	17,671	21,837	61,665
Charge for the period	2,255	1,317	3,066	3,396	10,034
Disposals	(55)	(22)	(457)	(2,183)	(2,717)
At end of the period	15,193	10,459	20,280	23,050	68,982
Net book amount					
At 28 December 2012	65,794	22,368	24,193	25,972	138,327
At 30 December 2011	62,037	21,695	21,486	24,179	129,397

The Company had no tangible fixed assets.

Included within plant, machinery, fixtures and fittings net book value is £6,740,000 (2011: £6,476,000) relating to assets held in the course of construction.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

8 Tangible assets (continued)

Leasehold property is further analysed as follows:

	Long leasehold property	Short leasehold property	Total
Group	£'000	£'000	£'000
Cost			
At beginning of the period	17,842	13,017	30,859
Additions	249	1,515	1,764
Disposals	(28)	(36)	(64)
Reclassification	-	268	268
At end of the period	18,063	14,764	32,827
Accumulated depreciation			
At beginning of the period	2,538	6,626	9,164
Charge for the period	326	991	1,317
Disposals	(5)	(17)	(22)
At end of the period	2,859	7,600	10,459
Net book amount			
At 28 December 2012	15,204	7,164	22,368
At 30 December 2011	15,304	6,391	21,695

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

8 Tangible assets (continued)

	Group	
	2012	2011
Capital commitments	£'000	£'000
Capital expenditure authorised by the Board and contracted for	5,419	4,860

The Company had no capital commitments.

9 Investments

Company	£'000
Cost	
At beginning and end of the period	540,503
Provisions	
At beginning and end of the period	14,300
Net book amount	
At beginning and end of the period	526,203

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

9 Investments (continued)

The trading entities included within the financial information are:

	Activity	Issued share capital at 28 December 2012	Percentage held
Dignity Services	Intermediate holding company	203,746,505 ordinary at 1p each	100%
Dignity Funerals Limited	Funeral services	577,376,905 ordinary at 0.1p each	100%
Pitcher & Le Quesne Limited	Funeral directors	100 ordinary at £1 each	99%
Dignity Pre-Arrangement Limited	Pre-arranged funeral plans	5,001,001 ordinary at £1 each	100%
Dignity Securities Limited	Pre-arranged funeral plans	19,801 ordinary at £1 each 750,000 8 pence Redeemable Preference Shares at £1 each	100% 100%
Advance Planning Limited	Pre-arranged funeral plans	7,500 "A" ordinary at £1 each 2,500 "B" ordinary at £1 each 3,863,291 0.0000001 pence Redeemable Preference Share at 1 pence each	100% 100% 100%
Dignity Finance PLC	Finance company	50,000 ordinary at £1 each	100%
Birkbeck Securities Limited	Intermediate holding company	1,102,271 ordinary at £1 each	100%
Dignity Finance Holdings Limited	Intermediate holding company	50,000 ordinary at £1 each	100%

All of the subsidiaries are incorporated in the United Kingdom except for Pitcher & Le Quesne Limited, which is incorporated in Jersey and effectively 100% controlled.

All of the above shareholdings are held indirectly, with the exception of Dignity Services.

Dignity Mezzco Limited holds one ordinary £1 share in Dignity Finance PLC.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

10 Stocks

	Group	Group
	2012	2011
	£'000	£'000
Raw materials	218	225
Finished goods	6,172	5,628
	6,390	5,853

11 Debtors

	Company		Group	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year:				
Trade debtors	-	-	14,337	13,066
Expenses to be recovered from Trusts	-	-	2,989	2,620
Loans to fellow group companies	-	1,388	-	-
Other debtors	11	17	406	316
Prepayments	6	-	3,387	4,051
	17	1,405	21,119	20,053
Amounts falling due after more than one year:				
Expenses to be recovered from Trusts	-	-	3,145	2,743
Deferred tax (see note (a) below)	-	-	-	258
Deferred expenses	-	-	2,551	2,449
	-	-	5,696	5,450
	17	1,405	26,815	25,503

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

11 Debtors (continued)

(a) Deferred tax asset

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

	2012 £'000	2011 £'000
Asset at beginning of the period	(258)	(165)
Arising on acquisition	-	22
(Credit) / charge to profit and loss account	(243)	635
Adjustment due to rate change 25% to 23% (2011: 27% to 25%)	(3)	(7)
Recognition of brought forward losses (note 6a)	-	(3,476)
Losses utilised (note 6a)	716	2,733
Transfer to provisions for liabilities (note 16)	(212)	-
Asset at end of the period	-	(258)

During 2011, a deferred tax asset was recognised in respect of previously unrecognised losses within the Company. These amounted to £3,476,000 net, of which £716,000 has been utilised in the period. (2011: £2,733,000). Accordingly, these have now been fully utilised.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

12 Cash at bank and in hand

	Company		Group	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Cash at bank and in hand	18,076	4,969	35,325	7,352
Represented by:				
Operating cash	16,576	3,469	17,697	5,852
Recoveries (note a)	1,500	1,500	1,500	1,500
Amounts set aside for debt service payments (note b)	-	-	16,128	-
	18,076	4,969	35,325	7,352

The cash at bank and in hand held by the Group and Company includes:

- Recoveries may not be used for one year following receipt and hence does not meet the definition of cash in FRS 1 (revised 1996), 'Cash Flow Statements'.
- This amount was transferred to restricted bank accounts which could only be used for the payment of the interest and principal on the Secured Notes, the repayment of liabilities due on the Group's interest rate swaps and commitment fees due on its undrawn borrowing facilities and for no other purpose.

This amount does not meet the definition of cash and cash equivalents in IAS 7, Statement of Cash Flows. Whilst not applicable in 2011, this amount was used to pay these respective parties on 31 December 2012. Of this amount £11,899,000 is shown within 'Returns on investment and servicing of finance' as 'Payments to restricted bank accounts for finance costs' and £4,229,000 is shown within 'Financing' as 'Payments to restricted bank accounts for repayment of borrowings'.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

13 Creditors: amounts falling due within one year

	Company		Group	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Class A Secured Notes (note 14 (a))	-	-	11,662	6,724
Premium on Secured Notes (note 14 (a))	-	-	1,842	1,895
Trade creditors	-	-	9,494	9,236
Corporation tax	-	-	4,223	3,393
Social security and other taxes	-	-	1,303	1,295
Interest accruals	13	16	11,566	-
Interest bearing intercompany borrowings – IBLA (note 14(b))	9,275	8,619	-	-
Interest free intercompany borrowings	129,682	129,533	117,323	121,739
Accruals and deferred income	-	-	22,569	20,728
	138,970	138,168	179,982	165,010

14 Creditors: amounts falling due after more than one year

	Company		Group	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Class A and B Secured Notes (note 14 (a))	-	-	287,276	294,710
Premium on Secured Notes (note 14 (a))	-	-	18,209	20,051
Other creditors	-	-	112	180
Interest bearing intercompany borrowings – IBLA (note 14 (b))	305,485	314,761	-	-
Other deferred income	-	-	1,184	1,063
	305,485	314,761	306,781	316,004

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

14 Creditors: amounts falling due after more than one year (continued)

a) Class A and B Secured Notes

On 11 April 2003, Dignity Finance PLC issued £110,000,000 Class A secured notes (the 'A notes') and £100,000,000 Class B secured notes (the 'B notes').

The A notes carry interest at 6.31%, payable half yearly in arrears. The A notes are repayable in instalments ending in December 2023. The issue costs of the A notes total £9,753,000. The B notes carry interest at 8.151%, payable half yearly in arrears. The B notes are repayable in instalments ending in December 2030. The issue costs of the B notes total £8,867,000.

On 21 February 2006, Dignity Finance PLC issued £45,550,000 Class A secured notes (the 'Further A notes') and £32,500,000 Class B secured notes (the 'Further B notes').

The Further A notes carry interest at 6.31%, payable half yearly in arrears. The Further A notes are repayable in instalments ending in December 2023. The issue costs of the Further A notes total £1,946,000. The Further B notes carry interest at 8.151%, payable half yearly in arrears. The Further B notes are repayable in instalments ending in December 2030. The issue costs of the Further B notes total £1,777,000. In order to show the Group's net borrowing, the notes and the issue costs have been offset.

On 27 September 2010, Dignity Finance PLC issued £48,650,000 Class A secured notes (the 'Second Further A notes') and £33,100,000 Class B secured notes (the 'Second Further B notes').

The Second Further A notes carry interest at 6.31%, payable half yearly in arrears. The Second Further A notes are repayable in instalments ending in December 2023. The issue costs of the Second Further A notes total £2,437,000. The Second Further B notes carry interest at 8.151%, payable half yearly in arrears. The Second Further B notes are repayable in instalments ending in December 2030. The issue costs of the Second Further B notes total £2,074,000.

The A notes, the Further A notes and the Second Further A notes are collectively referred to as the Secured A notes. The B notes, the Further B notes and the Second Further B notes are collectively referred to as the Secured B notes. The Secured A notes and the Secured B notes are collectively referred to as the Secured Notes or the Class A and B Secured Notes.

The aggregate principal outstanding on the Secured Notes and related issue costs have been presented on a net basis in the tables above. The Secured Notes are secured by first ranking security in respect of the undertakings and assets of Dignity (2002) Limited and its subsidiaries.

At 28 December 2012, £147,856,000 (2011: £151,929,000) of the principal of the Secured A notes and £165,600,000 (2011: £165,600,000) of the principal of the Secured B notes was outstanding.

At 28 December 2012, £6,254,000 (2011: £7,277,000) and £8,264,000 (2011: £8,818,000) of the issue costs in respect of the A notes and the B notes respectively remained unamortised.

The Secured A notes and Secured B notes were issued at a premium of £9,310,000 and £18,836,000 respectively, which is being released in proportion to the interest cost in the notes. At the balance sheet date, £5,698,000 (2011: £6,631,000) and £14,353,000 (2011: £15,315,000) respectively remained unamortised.

b) Issuer / Borrower loan agreement ("IBLA")

On 11 April 2003, the Company entered into the IBLA with Dignity Finance PLC.

The loan mirrors the terms of class A and B secured notes as set out in (a) above except that interest accrues at a rate of 0.01% higher than the A notes and the B notes.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

15 Obligations under operating leases

Annual charges under non-cancellable operating leases to which the Group is committed at the period end:

	Land and buildings	Other	2012 Total	Land and buildings	Other	2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000
On leases expiring:						
Within one year	522	29	551	438	34	472
Between one and two years	1,268	-	1,268	933	-	933
Between two and five years	3,132	-	3,132	3,388	-	3,388
After five years	3,646	-	3,646	2,719	-	2,719
	8,568	29	8,597	7,478	34	7,512

The Group did not have any obligations or commitments under finance leases or hire purchase agreements at 28 December 2012 or 30 December 2011.

The Company has no commitments under any leases.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

16 Provisions for liabilities

Group	Dilapidation	Onerous contracts	Cancellation provision	Swaps	Deferred tax	Total
	(a)	(b)	(c)	(d)	(e)	
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of the period	2,796	312	1,361	4,868	-	9,337
Charged/(released) to profit and loss account	343	(36)	(169)	-	-	138
Utilised in the period	(212)	(137)	-	(344)	-	(693)
Unwinding of discount	66	15	-	338	-	419
Transfer from debtors (note 11a)	-	-	-	-	212	212
At end of the period	2,993	154	1,192	4,862	212	9,413

a) Dilapidations

The provision for dilapidations covers the cost of repairs to leased premises occupied by the Group against which a dilapidations notification had been received, and properties where a dilapidation obligation exists but for which no notification has been received.

It is anticipated that the element of provision relating to dilapidation notices served £339,000 (2011: £612,000) will be incurred in the following financial year, and the element relating to dilapidation obligations where no notice has been served will be utilised over the terms of the relevant properly leases, the majority of which is expected to be by 31 December 2021.

b) Onerous contracts

The Group has provided for the discounted future costs of certain contracts to which the Group is legally bound. These contracts relate to vacant leasehold properties and other contracts from which no economic benefit is derived. The provision will be utilised over the term of the contracts and it is anticipated that it will be fully utilised by 2038.

Included within the provision is an amount of £54,000 (2011: £80,000) relating to the expected costs of ongoing rent reviews, the outcomes of which have been based on recent experience of similar reviews on other properties.

c) Cancellation provision

As described in note 1, the Group receives monies from certain pre-arranged funeral plan trusts in respect of the marketing of pre-arranged funeral plans, which are refundable to the Trust in the event of cancellation. All amounts are charged or credited to turnover.

The provision covers the expected cost of such cancellations anticipated to occur in future years relating to plans sold before the balance sheet date. It is expected that this provision will be substantially utilised over the next five years.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

16 Provisions for liabilities (continued)

d) Swap provision

On 20 December 2002, the Company entered into contracts to swap the floating rate interest on a bank loan into fixed rate. Contractually, these swaps were not effective until 30 April 2004.

On 11 April 2003, as described above, the Group issued secured notes at a fixed rate of interest. These notes replaced the bank loan. Consequently, the swaps were no longer required as the Group had no interest rate risk on the secured notes. As a result the Group entered into further contracts on 11 April 2003 to swap fixed rate interest into floating in order to offset the original swaps and eliminate any interest rate risk in this regard. As a result of interest rate movements between these two dates, the combined effect of all the contracts was a net cost to the Group. Accordingly, as the overall transaction represents an onerous contract, the discounted value of the contracts have been fully provided for. Further, as these contracts related to the raising of the secured notes, the contract has been accounted for as an issue cost of the secured notes and is being amortised in accordance with FRS 4.

It is anticipated that the provision will be fully utilised by December 2028.

e) Deferred tax

The major components of the deferred taxation and the amount recognised is as follows:

	28 December 2012	30 December 2011
	£'000	£'000
Capital allowances	852	682
Other timing differences	(31)	319
Goodwill	(117)	(74)
Option schemes	(492)	(442)
Losses	-	(743)
Liability / (assets) at end of the period	212	(258)

Elements of these deferred tax balances may be recoverable within one year. However, the directors consider that it is not possible to quantify the amount because of a significant level of uncertainty in the timing of events and have therefore classified the whole balance as due after more than one year.

Company

The Company's provisions relate solely to the swaps as set out in note (d) above.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments

Treasury policy

The Group finances its operations by a mixture of shareholders' funds, secured notes, bank borrowings, intercompany loans and loan notes as required. The Group manages its funding requirements by the careful selection of appropriate financing methods. This approach seeks to minimise financing costs.

The Group uses derivatives to generate the appropriate balance between fixed and floating interest rates. It is not the Group policy to actively trade in derivatives.

Interest rate risk

The Group's aim is to minimise the effects of interest rate fluctuations, however the Group does not have a definitive stance on the balance between fixed and floating rate debt. As set out below, 3% (2011: 3%) of the interest bearing financial instruments carried interest at a floating rate at the balance sheet date.

See note 16(d) for further details of the interest rate swaps entered into by the Group.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the following disclosures.

Liquidity risk

The Group's objective is to maintain a balance between certainty of funding and a flexible, cost-effective borrowings structure, and consequently seeks facilities that have, for the most part, a maturity of five years or longer.

Currency risk

The Group's financial instruments are all denominated in Sterling and thus no currency risk exists.

Credit risk

The Group uses well-established financial institutions with high credit ratings.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments (continued)

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities was as follows:

	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities on which no interest is paid
	£'000	£'000	£'000	£'000
Financial liabilities at 28 December 2012	457,158	8,034	298,938	150,186
Financial liabilities at 30 December 2011	454,612	8,077	301,433	145,102

All of the Group's financial liabilities are denominated in Sterling.

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above table either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as taxation and social security, trade creditors and accruals.

Interest rate composition of financial liabilities

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period until maturity
Sterling	%	Years	Years
Financial liabilities at 28 December 2012	7.3	14.7	17.3
Financial liabilities at 30 December 2011	7.3	15.6	18.5

Other than the swaps provision, floating rate financial liabilities bear interest, based on LIBOR six month Sterling deposits, plus the appropriate margin, as set out in note 14.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments (continued)

Interest rate risks of financial assets

	2012			2011		
	Cash at bank and in hand	Other	Total	Cash at bank and in hand	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Floating rate	35,325	-	35,325	7,352	-	7,352
Fixed rate	-	-	-	-	-	-
No interest	-	5,696	5,696	-	5,192	5,192
At end of period	35,325	5,696	41,021	7,352	5,192	12,544

Floating rate financial assets earn interest at prevailing short-term market interest rates.

All the Group's debtors falling due within one year are excluded from the above table due to the exclusion of short-term items or because they do not meet the definition of a financial asset, such as trade debtors and prepayments.

Maturity of financial liabilities

The maturity profile of the carrying value of the Group's financial liabilities, other than short-term trade creditors and accruals at the period end was:

	2012			2011		
	Debt	Other financial liabilities	Total	Debt	Other financial liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	130,827	13,431	144,258	130,358	2,317	132,675
Between one and two years	9,981	1,020	11,001	9,275	1,173	10,448
Between two and five years	34,742	2,423	37,165	32,280	2,314	34,594
Over five years	260,763	3,971	264,734	273,205	3,690	276,895
Total	436,313	20,845	457,158	445,118	9,494	454,612

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments (continued)

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at the period end in respect of which all conditions precedent had been met at that date:

	2012	2011
	£'000	£'000
In one year or less, or on demand	55,000	50,000
In more than one year, but less than two years	-	5,000
In more than two years, but less than five years	-	-
In more than five years	-	-
	55,000	55,000

£50.0 million (2011: £50.0 million) of the amount above is a liquidity facility relating to the Class A and B Secured Notes. This facility may only be used to repay interest and principal on the Secured Notes in the event of insufficient cash to service these instruments. The facility is subject to annual renewal. However, if the bank providing the facility does not renew it, then the provider is required to place £50.0 million (2011: £50.0 million) in a bank account, which the Group may access as if it represented a borrowing facility on the same terms. The facility is available on these terms until the Secured Notes have been repaid in full.

The remaining £5.0 million facility expires in April 2013. This facility was renewed for a further 12 months. Both these facilities incur commitment fees at market rates.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments (continued)

Borrowing facilities (continued)

Fair values of financial assets and financial liabilities

	2012		2011	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Primary financial instruments held or issued to finance the Group's operations:				
Other creditors	(15,984)	(15,984)	(4,625)	(4,625)
Class A secured notes	(147,856)	(181,271)	(151,929)	(181,631)
Deferred issue costs of class A notes	6,254	-	7,277	-
Class B secured notes	(165,600)	(235,997)	(165,600)	(224,388)
Deferred issue costs of class B notes	8,264	-	8,818	-
Premium on secured notes	(20,051)	(20,051)	(21,946)	(21,946)
Intercompany borrowings	(117,323)	(117,323)	(121,739)	(121,739)
Cash deposits	35,325	35,325	7,352	7,352
Other financial assets	5,696	5,696	5,192	5,192
Derivative financial instruments held to manage the interest rate profile:				
Interest rate swaps	(4,862)	(6,145)	(4,868)	(6,583)
	(416,137)	(535,750)	(442,068)	(548,368)

The fair value of the Class A and B secured notes are based on the closing price as quoted on the Irish stock exchange.

The fair values of the other inter company borrowings are calculated by reference to gilt yield rates, adjusted for a risk premium. The fair value of the loan notes for settlement in the short term is calculated by reference to LIBOR at the balance sheet date.

All the Company's creditors falling due within one year (other than bank, other borrowings and accrued interest) are excluded from the above table due to the exclusion of short-term items.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

17 Financial instruments (continued)

Hedges

The table below shows the extent to which the Group has off-balance sheet (unrecognised) and on balance sheet (deferred) gains and losses which have been included in the profit and loss account for the period and those gains and losses which are expected to be included in future profit and loss accounts. The only hedges the Group has are in respect of the interest rate swaps described in note 16 (d).

As detailed in note 16 (d), the Directors consider that the net effect of the various interest rate swaps to be that of an onerous contract and hence, recognised within provisions. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised losses, is as follows:

	Unrecognised gains/(losses)	Deferred gains/ (losses)
	£'000	£'000
Losses on hedges at beginning of the period	(1,715)	(4,868)
Arising in the period	83	6
Losses on hedges at 28 December 2012	(1,632)	(4,862)
Of which:		
Losses expected to be included in 2013 profit and loss account	-	(312)
Losses expected to be included in 2014 profit and loss account or later	(1,632)	(4,550)

Financial instruments held for trading purposes

The Group does not trade in financial instruments.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

18 Called up share capital

	28 December 2012	30 December 2011
	£'000	£'000
Allotted and fully paid:		
110,000,002 (2011: 110,000,002) Ordinary Shares of 0.01p each	11	11

19 Reserves

(a) Group	Other reserves	Profit and loss reserve	Total
	£'000	£'000	£'000
At the beginning of the period	5,762	(214,561)	(208,799)
Profit for the financial period	-	26,834	26,834
Actuarial loss on pension scheme (note 21)	(964)	-	(964)
Movement on deferred tax relating to pensions	231	-	231
Tax rate change 25% to 23%	(7)	-	(7)
Effect of employee share options (note 22)	1,199	-	1,199
At end of the period	6,221	(187,727)	(181,506)

(b) Company	Profit and loss reserve	
	2012	2011
	£'000	£'000
At beginning of the period	74,769	72,595
Profit for the financial period	20,199	2,174
At end of the period	94,968	74,769

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

20 Reconciliation of movements in shareholders' funds / (deficit)

	Company	Group
	£'000	£'000
Profit for the financial period	20,199	26,834
Actuarial loss on pension scheme (note 21)	-	(964)
Movement on deferred tax relating to pension scheme	-	231
Tax rate change 25% to 23%	-	(7)
Effect of employee share options	-	1,199
Net increase in shareholders' funds	20,199	27,293
Opening shareholders' funds / (deficit)	74,780	(208,788)
Closing shareholders' funds / (deficit)	94,979	(181,495)

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

21 Pension commitments

Defined contribution plans

The Group contributes to certain individuals' personal pension schemes. These contributions are accounted for as defined contributions.

The pension costs for defined contribution schemes are as follows:

	2012	2011
	£'000	£'000
Defined contribution schemes	71	66

Defined Benefit Plan

The Group operates a defined benefit scheme the Dignity Pension and Assurance Scheme. A full actuarial valuation was carried out as at 6 April 2011. The valuation results of the merged scheme were updated to 28 December 2012 by a qualified independent Actuary.

For 2012, the employer contribution rate payable was 9.2% of Pensionable Salaries (2011: 9.2% of Pensionable Salaries). The total monetary contribution paid by the employer for 2012 was £1,344,000 (2011: £1,357,000).

Assumptions

The principal assumptions used by the actuary were:

	28 December 2012	30 December 2011
Discount rate	4.65%	4.85%
Expected long-term rate of return on assets	4.8%	5.0%
Rate of increase in salaries	2.8%	3.25%
Rate of increase in payment pensions accrued between 6 April 1997 and 5 April 2005	2.8%	2.9%
Rate of increase in payment of post 5 April 2005 pensions	2.1%	2.3%
RPI price Inflation assumption	2.9%	3.0%
CPI price inflation assumption	2.1%	2.0%

The underlying mortality assumption is based upon the standard table known as S1PA on a year of birth basis, with CMI_2009 future improvement factors, a long term rate of improvement of 1.25 per cent per annum and rated up two years for males and down two years for females (2011: same).

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

21 Pension commitments (continued)

The assets in the plans and the expected rates of return were:

	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at
	28 December 2012		30 December 2011	
	%	£'000	%	£'000
Bonds	2.5	30,916	2.5	22,527
Equities and Property	7.25	47,499	7.25	45,043
Cash	0.5	8,563	0.5	16,895
Total market value of assets		86,978		84,465
Present value of plan liability		(86,908)		(83,171)
Surplus in the plan		70		1,294
Related deferred tax liability		(16)		(324)
Net pension asset		54		970

The rate of return is determined by identifying an appropriate rate of return for each class of asset held in conjunction with the Company's professional advisor.

At 28 December 2012 and 30 December 2011 the Pension Trustees did not hold, on behalf of the scheme, any direct investments in the Group, nor did the Group occupy any property or other assets included with the fair value of plan assets.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

21 Pension commitments (continued)

Changes in the present value of the defined benefit obligation are as follows:

	28 December 2012	30 December 2011
	£'000	£'000
Present value of obligation at beginning of period	(83,171)	(76,075)
Current service cost	(1,788)	(1,364)
Past service cost	-	-
Interest cost	(4,030)	(4,108)
Benefits paid	3,667	3,083
Contributions by participants	(1,385)	(1,394)
Actuarial loss	(201)	(3,313)
Present value of obligation at end of period	(86,908)	(83,171)

Expected contributions to post employment benefit plans for the 52 week period ended 27 December 2013 are £1,369,000.

Changes in the fair value of the schemes assets are as follows:

	28 December 2012	30 December 2011
	£'000	£'000
Fair value of plan assets at beginning of period	84,465	84,566
Expected return on plan assets	4,214	4,818
Contributions by Group	1,344	1,349
Contributions by participants	1,385	1,394
Benefits paid	(3,667)	(3,083)
Actuarial losses	(763)	(4,579)
Fair value of plan assets at end of period	86,978	84,465

The actual return on scheme assets in the period was £3,451,000 (2011: £239,000). The schemes liabilities are wholly funded.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

21 Pension commitments (continued)

Analysis of amount charged to profit in respect of defined benefit schemes

	28 December 2012	30 December 2011
	£'000	£'000
Current service cost	1,788	1,364
Past service cost	-	-
Total operating charge	1,788	1,364
Analysis of the amount charged to other finance expense		
Expected return on pension scheme assets	4,214	4,818
Interest on pension scheme liabilities	(4,030)	(4,108)
Net finance income	184	710

Analysis of amount recognised in statement of total recognised gains and losses

	28 December 2012	30 December 2011
	£'000	£'000
Actual return less expected return on pension scheme assets	(763)	(4,579)
Experience gains and losses arising on the scheme liabilities	650	953
Changes in the assumptions underlying the present value of the scheme liabilities	(851)	(4,266)
Actuarial loss recognised in statement of total recognised gains and losses	(964)	(7,892)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,147,000 (2011: £183,000).

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

21 Pension commitments (continued)

History of experience gains and losses

	28 December 2012	30 December 2011	31 December 2010	25 December 2009	26 December 2008
	£'000	£'000	£'000	£'000	£'000
Difference between the actual and expected return on scheme assets:					
Amount	(763)	(4,579)	2,583	4,506	(2,796)
Percentage of schemes' assets	1%	5%	3%	6%	4%
Experience gains and losses on scheme liabilities:					
Amount	650	953	(1,104)	(323)	(1,039)
Percentage of the present value of the schemes' liabilities	1%	1%	1%	0%	2%
Present value of the defined benefit obligation	(86,908)	(83,171)	(76,075)	(68,042)	(55,904)
Fair value of scheme assets	86,978	84,465	84,566	77,155	69,094
Surplus	70	1,294	8,491	9,113	13,190
Total amount recognised in statement of total recognised gains and losses:					
Amount	(964)	(7,892)	(2,030)	(4,761)	5,553
Percentage of the present value of the schemes' liabilities	1%	9%	3%	7%	10%

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

22 Share –based payments

In respect of share-based payment arrangements, total charges to the income statement were £1,199,000 (2011: £1,075,000). The Directors consider that these amounts are immaterial and hence further detailed disclosures have been omitted.

23 Related party disclosures

The Group has taken advantage of the exemption provided within FRS 8, not to disclose transactions with wholly owned subsidiary undertakings, of whose voting rights are controlled within the Group.

Pre-arrangement trusts

During the period, the Group entered into transactions with the Trusts associated with the pre-arranged funeral plan businesses. The nature of the relationship with the Trusts is set out in the accounting policies. Amounts may only be paid out of the Trusts in accordance with the relevant Trust Deeds.

Transactions principally comprise:

- The recovery of marketing and administration expenses in relation to plans sold net of cancellations; and
- Receipts from the Trusts in respect of carrying out funerals.

Transactions also include:

- Receipts from the Trust in respect of cancellations by existing members;
- Reimbursement by the Trust of expenses paid by the Group on behalf of the respective Trusts; and
- The payment of realised surpluses generated by the Trust funds as and when the trustees sanction such payments.

Related party transactions are summarised below:

	Transactions receivable during the period		Amounts due from the Trust at the period end	
	28 December 2012 £'000	30 December 2011 £'000	28 December 2012 £'000	30 December 2011 £'000
Dignity Limited Trust Fund	309	329	44	31
National Funeral Trust	28,971	24,303	1,400	1,367
Trust for Age UK Funeral Plans	31,558	26,328	1,545	1,222

A further £3,145,000 is due from the Trust's after more than one year.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

24 Reconciliation of operating profit to net cash inflows from operating activities

	28 December 2012	30 December 2011
	£'000	£'000
Operating profit	58,452	53,989
Depreciation and amortisation charges	19,306	18,584
Profit on disposal of fixed assets	(106)	(242)
Decrease in provisions	1,718	1,228
Increase in stocks	(408)	(679)
(Increase) / decrease in debtors	(1,336)	420
Increase in creditors	2,992	125
Net cash inflow from operating activities	80,618	73,425

The impact of the amounts credited to profit on disposal of fixed assets £106,000 (2011: £242,000) is shown in the table above. The proceeds from the sale of fixed assets are shown within 'capital expenditure and financial investment'.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

25 Analysis of cash flows for headings netted in the cash flow statement

	28 December 2012	30 December 2011
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	115	146
Finance charges paid	(12,050)	(24,445)
Payments to restricted bank accounts for finance charges	(11,899)	-
Net cash outflow from returns on investments and servicing of finance	(23,834)	(24,299)

	28 December 2012	30 December 2011
	£'000	£'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(19,843)	(17,918)
Sale of fixed assets	805	852
Net cash outflow from capital expenditure and financial investment	(19,038)	(17,066)

Acquisitions and disposals

Acquisition of funeral businesses (note 27)	(4,694)	(2,436)
Deferred consideration paid in respect of acquisitions	(80)	(118)
Net cash outflow from acquisitions and disposals	(4,774)	(2,554)

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

25 Analysis of cash flows for headings netted in the cash flow statement (continued)

	28 December 2012	30 December 2011
	£'000	£'000
Financing		
Repayment of Class A Secured Notes	(4,073)	(7,700)
Repayment of interest bearing loan	-	(16,690)
Repayment of interest free loan	(4,416)	(5,849)
Payments to restricted bank accounts for repayment of borrowings	(4,229)	-
Net cash outflow from financing	(12,718)	(30,239)

26 Analysis of net debt

	At beginning of the period	Cash flow	Other non-cash changes	At end of the period
	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,352	27,973	-	35,325
Restricted cash reported within capital expenditure and financial investment (see note 12)	(1,500)	-	-	(1,500)
Restricted cash – set aside for debt service	-	(16,128)	-	(16,128)
Cash at bank and in hand as per FRS 1	5,852	11,845	-	17,697
Debt due after one year	(314,761)	-	9,276	(305,485)
Debt due within one year	(8,619)	8,302	(13,187)	(13,504)
Loans from fellow subsidiaries – other	(121,739)	4,416	-	(117,323)
Net debt	(439,267)	24,563	(3,911)	(418,615)

Major non-cash transactions

Non-cash charges comprise amortisation of deferred debt issue costs, the capitalisation of interest on certain borrowings and transfers between categories.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

27 Businesses acquired

	Provisional fair value
	£'000
Net assets acquired	
Tangible fixed assets	172
Stock	129
Other working capital	(161)
Net assets	140
Goodwill arising on acquisition of funeral businesses	4,554
	4,694
Satisfied by:	
Cash paid on completion	4,694
Reconciliation to cash flow:	
Cash paid on completion	4,694
Deferred consideration paid	80
Net cash paid on completion	4,774

During 2012, the Company acquired the trade and assets of three funeral businesses and a crematorium. These have been accounted for under the acquisition method.

The businesses acquired have their assets and liabilities amalgamated within the existing business structure and as such, it is impractical to determine the post acquisition results, without undue expense and delay due to the immaterial size of each.

It is also not possible to quantify the results of these businesses prior to acquisition as it represents confidential information relating to the vendors, which the directors do not have authority to disclose.

All tangible assets were recognised at their respective fair value. The residual excess over the net assets acquired is recognised as goodwill. This represents the value to the Company of the funeral locations.

The fair value adjustments contain provisional amounts, which will be finalised in 2013. These adjustments reflect the fair value of other working capital movements such as debtors, stock and accruals.

Dignity (2002) Limited

Notes to the financial statements for the period ended 28 December 2012 (continued)

28 Contingent liabilities

On 11 April 2003, the Dignity group refinanced its debt by way of a whole business securitisation. Furthermore, on 21 February 2006 and 27 September 2010 further secured notes were issued on identical terms. As a result, the following guarantees and charges were granted to BNY Mellon Corporate Trustee Services Limited (formerly BNY Corporate Trustee Services Limited) in its capacity as Security Trustee in the securitisation:

- The Company and its wholly owned subsidiaries ('the Group') have granted the Security Trustee fixed and floating charges over the assets and undertakings of the Group;

At 28 December 2012, the total of the principal amounts owing and unamortised premium, by the Dignity (2002) Group, in relation to these borrowings was £333,507,000 (2011: £339,475,000).

In the opinion of the directors, no further liability is likely to crystallise in respect of these guarantees.

29 Other commitments

Dignity Pre-Arrangement Limited, Dignity Securities Limited and Advance Planning Limited are fellow members of the Dignity Group in the United Kingdom. These companies have sold pre-arranged funeral plans to their clients in the past. All monies from these sales are held and controlled by three independent Trusts, being the National Funeral Trust, the Dignity Limited Trust Fund and the Trust for Age Concern Funeral Plans respectively. Full details of the transactions can be found in the annual reports of these companies, which are available from 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP, the Company's Registered office.

The Group has given commitments to certain of these clients to perform their funeral. The cost of the performance of these funerals will be paid out of the funds held in the Trusts.

It is the view of the directors that none of these commitments are onerous to the Group.

Disclosures of certain other aspects of the Trusts are contained within the consolidated financial statements of the ultimate parent company Dignity plc.

30 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking at 28 December 2012 and 30 December 2011 was Dignity (2004) Limited. The ultimate parent undertaking and controlling party is Dignity plc.

The parent undertaking of the smallest and largest group in which the financial statements of the Company are consolidated is Dignity plc. Copies of the consolidated financial statements of Dignity plc can be obtained from the Company Secretary, 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP.

31 Post balance sheet events

The Group has acquired one funeral location since the balance sheet date.

APPENDIX 4
THE BORROWER'S UNAUDITED INVESTOR REPORT FOR THE 52 WEEK PERIOD
ENDED 27 DECEMBER 2013



Dignity (2002) Limited
Unaudited Investor Report
for the 52 week period ended 27 December 2013

To: BNY Corporate Trustee Services Limited

Fitch Ratings Limited

Standard & Poor's

From: Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') shall have the same meaning herein.

NOTICE TO THE READER

The information contained in this report represents information on Dignity (2002) Limited and its subsidiaries (the 'Dignity (2002) Group'), a sub-group of the Dignity plc group ('Group').

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include profits and losses generated by certain companies held outside the Dignity (2002) Group or any dividends declared to shareholders of Dignity plc.

Furthermore, the Group reports its results in accordance with International Financial Reporting Standards ('IFRS'), whilst the Dignity (2002) Group will continue to apply UK Generally Accepted Accounting Principles ('UK GAAP').

Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 27 December 2013

	Pages
Financial Overview	3
Consolidated EBITDA and capital expenditure for the 52 week period ended 27 December 2013.....	4
Consolidated Net Assets, Cash balances, Financial Indebtedness, Permitted Obligor Acquisitions and Permitted Obligor Disposals as at 27 December 2013.....	5
Coverages and covenants for the 52 week period ended 27 December 2013	6
Notes to the Investor Report for the 52 week period ended 27 December 2013	7

Dignity (2002) Limited

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 27 December 2013 was £88.0m compared to £78.1m for the audited 52 week period ended 28 December 2012.
- This performance is due to increased contributions from all operating divisions together with the incremental benefit of the Dignity Funerals No.2 Limited acquisition.
- On 30 July 2013, Dignity Funerals Limited acquired Dignity Funerals No.2 Limited, previously a Non-Obligor. This added 61 funeral locations and two crematoria to the Securitisation Group.

Trading locations

- The number of funeral locations within the Securitisation Group at the period end was 690, which compares to 615 at 28 December 2012. The movement in the portfolio is shown below:

Number of Obligor locations at 28 December 2012 ^{§1}	615
Acquisition of Dignity Funerals No.2 Limited – freehold	38
Acquisition of Dignity Funerals No.2 Limited – leasehold	23
Acquisition – freehold	2
Acquisition – leasehold	3
Satellite locations - short leasehold	12
Branch closure – freehold	(1)
Branch closure – leasehold	(2)
Number of locations at 27 December 2013 ^{§1}	<u><u>690</u></u>

- The Dignity (2002) Group operates from 39 crematoria (Dec 2012: 37). The movement in the year represents the addition of two crematoria from the acquisition of Dignity Funerals No.2 Limited.
- The Dignity (2002) Group continues to pursue other opportunities to acquire small, 'bolt-on' funeral locations and additional crematoria as part of its stated strategy of developing its portfolio of funeral locations and crematoria.

Quarterly reference dates

The Dignity (2002) Group prepares accounts drawn up to the nearest Friday before the Quarter End Date each quarter. As a result the combined and consolidated information reflects the 52 week period ending 27 December 2013 and 52 week period ending 28 December 2012.

^{§1} Excludes 9 telephone branches.

Dignity (2002) Limited

Consolidated EBITDA and capital expenditure

for the 52 week period ended 27 December 2013

	Note	Funeral services	Crematoria	Pre- arranged funeral plans	Portfolio	Central overheads	52 week period ending 27 Dec 2013	52 week period ending 28 Dec 2012
		£m	£m	£m	£m	£m	£m	£m
Net revenue		167.6	52.8	26.7	247.1	-	247.1	225.2
Operating expenses	1	(101.3)	(24.3)	(19.9)	(145.5)	(13.6)	(159.1)	(147.1)
EBITDA	1	66.3	28.5	6.8	101.6	(13.6)	88.0	78.1
Movement in provisions		n/a	n/a	n/a	n/a	n/a	-	-
Taxation	2	n/a	n/a	n/a	n/a	n/a	(9.3)	(8.4)
Minimum Capex Maintenance Amount	3	n/a	n/a	n/a	n/a	n/a	(9.6)	(9.3)
Free Cashflow		n/a	n/a	n/a	n/a	n/a	69.1	60.4
Actual Capital Maintenance Expenditure – <i>calendar YTD</i>		9.8	1.7	-	11.5	0.9	12.4	11.6
Expenditure on Permitted Crematorium Developments by Obligors – 52 week period		-	-	-	-	-	-	-

Dignity (2002) Limited

Consolidated Net Assets, Cash balances, Financial Indebtedness, Permitted Obligor Acquisitions and Permitted Obligor Disposals

as at 27 December 2013

		27 Dec 2013	28 Dec 2012
	Note	£m	£m
Consolidated Net Assets:	4		
Fixed assets		317.4	246.1
Collateralised Liquidity facility	15	63.0	-
Other current assets		98.5	68.5
Total current assets	5	161.5	68.5
Collateralised Liquidity facility	15	(63.0)	-
Other creditors: amounts falling due within one year		(235.4)	(180.0)
Creditors: amounts falling due within one year		(298.4)	(180.0)
Net current liabilities		(136.9)	(111.5)
Total assets less current liabilities		180.5	134.6
Creditors: amounts falling due after more than one year		(384.5)	(306.8)
Provisions for liabilities		(10.1)	(9.4)
Pension (liability)/asset (net of deferred tax)		(0.8)	0.1
Net liabilities		(214.9)	(181.5)
Cash balances – amounts standing to the credit of:			
Capex Reserve Account		-	-
Funeral Home Reserve Account		-	-
Loan Payments Account	6	17.0	14.3
Issuer Transaction Account	6	20.0	15.8
Liquidity Reserve Drawing	15	63.0	-
Crematorium Reserve Account		-	-
Principal Reserve Account		-	-
Elective Capex Account	6	17.3	1.9
Special Capex Account		-	-
Restricted Payments Account		-	-
Upgrade Reserve Account	6	2.7	1.9
Permitted Obligor Acquisitions and Permitted Obligor Disposals:			
Permitted Obligor Acquisitions (gross) in the Relevant Period	7	4.3	6.4
Permitted Obligor Disposals (gross) in the Relevant Period (where Net Sale Proceeds exceeds £50,000 x RPI)	8	0.3	0.6
Financial Indebtedness:	10	576.2	452.8

Dignity (2002) Limited

Coverages and covenants

for the 52 week period ended 27 December 2013

		52 week period ending	52 week period ending
	Note	27 Dec 2013 £m	28 Dec 2012 £m
EBITDA for the Relevant Period		88.0	78.1
Free Cashflow for the Relevant Period		69.1	60.4
Debt Service for the Relevant Period	9	35.8	32.1
Financial Covenant			
EBITDA DSCR ('Debt Service cover ratio') :			
Target		$\geq 1.5 : 1$	$\geq 1.5 : 1$
Actual		2.46:1	2.43:1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		$\geq 1.4 : 1$	$\geq 1.4 : 1$
Actual		1.93:1	1.88:1
EBITDA DSCR :			
Target		$\geq 1.85 : 1$	$\geq 1.85 : 1$
Actual		2.46:1	2.43:1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 31 December 2013.

The Restricted Payment Condition in relation to each Restricted Payment below has been satisfied.

On 28 June 2013, a Restricted Payment totalling £16.7m was paid to Dignity (2004) Limited as a dividend. These funds were subsequently paid to Dignity plc by way of a dividend.

On 30 July 2013, a Restricted Payment totalling £43.4m was paid to Dignity (2004) Limited as a dividend. These funds were subsequently paid to Dignity plc by way of a dividend.

On 30 July 2013, a Restricted Payment totalling £33.1m was paid to Dignity Funerals No.2 Limited as a loan. This loan was then subsequently used to repay the term facility to National Westminster Bank PLC.

The two Restricted Payments on 30 July 2013 were made as a result of the issue of further Secured Notes as detailed in note 14.

On 31 December 2013, a Restricted Payment totalling £9.2m was paid to Dignity Holdings Limited as a loan. This loan was offset against the existing loan from Dignity Holdings Limited to Borrower in accordance with clause 19.16.1 (b) of the IBLA. These funds were subsequently paid to Dignity plc by way of a loan.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

For the benefit of users of this report, divisional EBITDA for the Relevant Periods was as follows:

<i>52 week period ended 27 Dec 2013</i>	<i>Funeral services £m</i>	<i>Crematoria £m</i>	<i>Pre-arranged funeral plans £m</i>	<i>Central overheads £m</i>	<i>Group £m</i>
Net revenue	167.6	52.8	26.7	-	247.1
Operating expenses	(101.3)	(24.3)	(19.9)	(13.6)	(159.1)
EBITDA	66.3	28.5	6.8	(13.6)	88.0
<i>52 week period ended 28 Dec 2012</i>					
Net revenue	153.5	46.6	25.1	-	225.2
Operating expenses	(93.2)	(21.9)	(19.9)	(12.1)	(147.1)
EBITDA	60.3	24.7	5.2	(12.1)	78.1

2 Taxation

Taxation represents amounts paid in cash or falling due in respect of Tax during the Relevant Period.

3 Capex Maintenance Amount

The IBLA requires the Minimum Capex Maintenance Amount rather than actual spend to be deducted in arriving at Free Cashflow.

4 Consolidated net assets

The consolidated net assets as at 28 December 2012 as disclosed in this Investor Report represent the final audited figures as per the 2012 statutory accounts.

Following the issuance of the Investor Report as at 28 December 2012, an adjustment has been made to the balance sheet of the Dignity (2002) Group to reflect a reclassification of £0.1m between Creditors: amounts falling due within one year, and Creditors: amounts falling due after more than one year. Accordingly, the consolidated net assets as at 28 December 2012 have been adjusted to the following:

- Creditors: amounts falling due within one year (£180.0m)
- Net current liabilities (£111.5m)
- Total assets less current liabilities £134.6m
- Creditors: amounts falling due after more than one year (£306.8m)

These changes did not result in any changes to the financial covenants.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

5 Total current assets

Total current assets include cash at bank and in hand of £123.8m (Dec 2012: £35.3m) of which £3.2m (Dec 2012: £0.9m) is cash held for operations.

6 Reserve account balances

Loan Payments Account

Of the £17.0m held at 27 December 2013, a Restricted Payment totalling £9.2m was paid to Dignity Holdings Limited as a loan on 31 December 2013.

Issuer Transaction Account

The £20.0m held at 27 December 2013 was used to make the debt interest and principal repayments that became due on 31 December 2013.

Elective Capex Account

The balance in this account represents proceeds from the sale of freehold properties, less acquisition costs, and a deposit of £18.0m as discussed in note 14.

Upgrade Reserve Account

The balance on the Upgrade Reserve Account is £2.7m. The movement in the balance during the Relevant Period is net of contributions and withdrawals.

As the Dignity (2002) Group is now compliant with the mercury abatement legislation, it expects to cease funding of the Upgrade Reserve Account before the end of June 2014 and transfer any remaining balance in accordance with the IBLA.

7 Permitted Obligor Acquisitions

The expenditure in the Relevant Period relates to the acquisition of businesses and properties other than crematoria properties and Funeral Home Start-Ups.

8 Permitted Obligor Disposals

Asset disposals in the Relevant Period, where the market value exceeded £50,000, comprised of two freehold properties that were not directly EBITDA generating.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

9 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 31 December 2013:

- Loan Event of Default
- Potential Loan Event of Default
- Financial Adviser Appointment Event

The Company made the following debt repayments during the Relevant Period (paid on 31 December 2013 and 28 June 2013):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	10,021	10,076
Class B Secured 8.151% Notes due 2030	15,177	-

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £10,005,000 and £15,159,000 under the Class A and Class B Notes respectively.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

9 Debt Service and Financial Covenant (continued)

Debt Service for the Relevant Period ending 31 December 2013 has been calculated as follows:

	<i>Principal</i>	<i>Annual rate</i>	<i>Interest</i>
Senior Interest accruing in the period	£'000	%	£'000
Class A Notes – existing	139,234	6.32%	8,938
Class B Notes – existing	165,600	8.161%	13,515
Class A Notes – issued July 2013	34,263	6.32%	1,083
Class B Notes – issued July 2013	40,750	8.161%	1,662
Accrued interest received on issue of 2013 Class A&B Notes	-	-	(451)
Working capital facility	5,000	0.45%	22
Liquidity facility	63,000	1.20% ^{§1}	536 ^{§2}
Hedging documents	202,500	0.3404% ^{§3}	689
Senior Interest accrued in the period			25,994
Interest received in the period	Variable	Variable	(227)
Scheduled repayments of principal in the period		n/a	10,076
Debt Service for the Relevant Period			35,843

^{§1} This represents the ongoing annual rate since the further issue of Secured Notes on 30 July 2013.

^{§2} This represents the actual commitment fees payable in the Relevant Period ending 31 December 2013.

^{§3} Net rate payable on notional principal.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

10 Financial Indebtedness

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, credit sale, conditional sale agreement or hire purchase contract which would, in accordance with UK GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Amendment to September 2013 Financial Indebtedness

Financial Indebtedness at the end of September 2013 was reported as £547.9m. Following final review of the detailed steps (and associated legal documentation relating to the issue of Further Secured Notes and return of value) effected at the time, this amount has been restated to £591.2m. The change relates to inter company borrowings, all of which are subordinate to the Secured Notes.

In a similar way, the balance sheet reported at September 2013 understated financial liabilities by the same amount.

The reported financial covenants are unaffected.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 December 2013

11 Dignity plc

For the avoidance of doubt, the financial information contained elsewhere in this report relates to the unaudited consolidated results and financial position of Dignity (2002) Limited and its subsidiaries ('the Dignity (2002) Group') as required under the IBLA. The ultimate parent undertaking of Dignity (2002) Limited is Dignity plc.

Consequently, the financial information set out elsewhere in this report does not include the results of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited, nor any adjustments necessary as to present the consolidated results and financial position of the combined groups.

Specifically, the financial information set out elsewhere in this report does not include certain adjustments, including, but not limited to, the following:

- Certain administrative expenses accruing to the parent undertakings of the Dignity (2002) Group;
- Interest payable and receivable on borrowings or loans between the Dignity (2002) Group and its parent undertakings;
- Interest payable or receivable on borrowings or loans held by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- Dividends declared or receivable by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- The non-cash effects of FRS 17 in the Relevant Period;
- The net assets of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited; and
- Any adjustments necessary in order to present the combined results and financial position of any entity outside the control of the Dignity (2002) Group.

This report has been prepared under UK Generally Accepted Accounting Principles ('UK GAAP'). Dignity plc prepares its consolidated financial statements under IFRS principles.

Dignity (2002) Limited

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12 Terminology

The following capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA:

Additional Obligors	Annual Upgrade Update	Borrower	Debt Service	EBITDA	Financial Adviser Appointment
Financial Covenant	Financial Indebtedness	Free Cashflow	Funeral Home Start-Ups	Issuer	Loan Event of Default
Maintenance Capex	Non-Obligor	Note Trustee	Permitted Obligor Acquisition	Permitted Crematorium Development	Permitted Obligor Disposal
Portfolio	Potential Loan Event of Default	Relevant Period	Restricted Payment	Restricted Payment Condition	Senior interest
Secured Notes	Securitisation Group	Security Trustee	Tax	Tax Deed of Covenant	Transaction Documents

13 Working capital facility

The Securitisation Group's working capital facility is available until 11 April 2018.

14 Issue of further Secured Notes

On 22 July 2013, Dignity Finance PLC issued a prospectus in respect of a further issue of Class A and Class B Secured Notes.

On 30 July 2013, completion occurred and gross proceeds of £97.7 million were raised.

As described in the Prospectus, the proceeds have been used by the Securitisation Group to:

- (i) Allow Dignity Funerals No. 2 Limited to repay existing third party indebtedness of c£33 million. Dignity Funerals No.2 Limited is now part of the Securitisation Group as a result of the transaction and its trading history is described in the Prospectus;
- (ii) Remit funds to Dignity plc together with the cash it already holds, to be used to help provide shareholders with a £61.9 million Return of Cash equating to £1.08 per Ordinary Share;
- (iii) Deposit £18 million into the Elective Capex Account;
- (iv) Make a payment of £1 million to the Dignity Pension and Assurance Scheme; and
- (v) Pay fees relating to the transaction.

Dignity (2002) Limited

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for the 52 week period ended 27 December 2013

15 Collateralisation of Liquidity Facility

The Dignity (2002) Group's Secured Notes are supported by a Liquidity Facility provided by the Royal Bank of Scotland. This facility is designed to support the first 18 months of debt service due in the event of a default. Following the issue of Secured Notes in 2013, the facility was increased to £63 million. This is a committed facility for the life of the Notes and serves to support the rating ascribed by S&P and Fitch.

In late 2013, S&P downgraded certain RBS entities. As a result, this downgrade triggered a clause in the facility that gave the Dignity (2002) Group a 30 day period in which to force RBS to cash collateralise the facility by placing funds with the Bank of New York Mellon. If the Dignity (2002) Group did not force this action within this period, then no cash collateralisation could be forced on RBS in the future, even if they were downgraded further. The Dignity (2002) Group therefore enforced this right.

This does not have a material impact of the Dignity (2002) Group's net finance cost in 2014 and whilst the cost of the facility in this cash collateralised state will increase over time, the Dignity (2002) Group is exploring ways to amend its terms within the next twelve months so that cash collateralisation is no longer necessary.

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